Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 100
Bahrain .. Din.0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils.500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rin 4.25	Taiwan ... NT $65
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,729 — Tuesday September 17 1985 — D 8523 B

UK reserves: up go sterling's defences, Page 21

World news

S. Africa pursues rebels in Angola

South African and Namibian security forces, backed by the air force, crossed into Angola in pursuit of guerrillas from the South West Africa People's Organisation (Swapo).

The operation was in response to increased military action by Swapo, which is fighting for independence.

General Constand Viljoen, chief of the *South African Defence Force*, said Angola had been informed of the operation and had been requested not to interfere. Page 4

Rau to stand

Johannes Rau, *premier of the* West German state of North Rhine-Westphalia, agreed to be nominated as the opposition Social Democrat candidate for the chancellorship during the next general election in January 1987. Page 2.

Ceasefire prolonged

Twenty Tamil separatist guerrillas were killed and 85 surrendered when security forces swooped on a rebel stronghold in Sri Lanka's eastern Trincomalee district. The Government has unilaterally extended a three-month-old ceasefire.

Army chief sacked

President Alan Garcia of Peru dismissed General Cesar Enrico Praelli, chief of the joint staff of the armed forces, and announced that three army officers would stand trial for the death of seven people whose bodies were discovered in a clandestine grave. Page 6

Grenades in cinema

At least 35 people, many of them children, were feared dead after grenades were hurled from the balcony of a packed cinema at Pagdian on the Philippines Island of Mindanao.

Battle of lawmen

The mayor and police chief of Pakil, near Manila, the Philippines' capital, shot one another dead after an argument outside the mayor's office.

Spanish pit trouble

Spain's coal industry faces the prospect of renewed stoppages and protests over safety standards after the death of a miner in the Asturias region, the 62nd fatal pit accident this year. Page 2

Rebels claim kidnap

Left-wing guerrillas in El Salvador said they were holding President José Napóleon Duarte's daughter.

Thailand eases up

Thailand ended a state of emergency imposed after a failed coup attempt a week ago.

Tripoli fighting

At least 34 people were killed and 73 wounded in fighting between pro-Syrian militiamen and Islamic *fundamentalists* in the north Lebanese port city of Tripoli.

Crash inquest

The inquest into the deaths of 131 victims of June's Air-India Boeing 747 jet crash off the Irish coast begins in Cork today. Page 4

Marshal dies

Soviet marshal Alexei Yepishev, 77, replaced in July as head of the armed forces' political directorate, died *after a long illness.*

Athletes banned

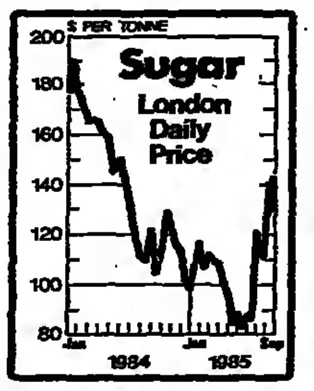
Women's discus world record holder *Zdenka Silhava and fellow* Czech Remigius Machura, men's shot *bronze medallist in* the 1983 world championships, have been banned for life after being positively dope-tested at last month's European Cup final in Moscow.

Business summary

NatWest unit for capital markets

NATIONAL WESTMINSTER, Britain's second-largest bank, is to form a new investment banking subsidiary for its activities in the world capital markets, including its operations in UK securities arising from *London's financial revolution.* Page 11

WALL STREET: The Dow Jones industrial average closed up 1.46 at *1,309.14. Page 46*



SUGAR: The London daily raws price rose by $13.50 to a 21-month *high of $142.50 yesterday as a result* of new quotas announced on Friday by the U.S. *Futures quotations* were also sharply higher. Page 38

LONDON blue chips and *gilts* drifted lower while aerospace issues were sought. The FT Ordinary share index slipped 4.2 to 1,007.7. *Page 46*

FRANKFURT stocks rallied from a mixed opening to close higher. The Commerzbank index gained 5.9 to 1,513.5. Page 46

TOKYO was closed for a *national* holiday.

DOLLAR fell in London to *DM 2.8840* (DM 2.8990), FFr 8.7875 (FFr *8.8450*), SwFr 2.3620 (SwFr 2.38) and Y241.35 (Y241.95). On Bank of England *figures, the dollar's index fell* to 140.8 from 141.0. Page 39

STERLING rose 20 points in London to close at $1.343. It fell to DM 3.8725 (DM 3.8875), FFr 11.80 (FFr 11.86), SwFr 3.20 (SwFr 3.2050) and Y324 (Y324.50). The pound's exchange rate index fell to 80.8 from *81.0.* Page 39

GOLD: In New York the December Comex settlement was $324.50. Gold fell $0.75 to close at $320 on the London bullion market. *It also fell* in Zurich to $319.55 from $321.25. Page 38

UK MANUFACTURING production fell by about 2 per cent during July, reinforcing signs of a significant slowdown in the pace of growth of output. Page 11

JAPAN'S 12 integrated securities houses, which include the big four, all plan to increase their dividends for the year which ends this month. Page 24

BANK OF CHINA *plans* next month to launch the country's first *dollar-denominated* bond since the 1949 revolution, according to Nomura Securities. Page 24

PARGESA, Swiss financial group linked to Groupe Bruxelles Lambert of Belgium, plans to raise SwFr *103.5m* ($43.3m) through a *two-stage* share offering. Page 25

HEINEKEN, Europe's largest beer maker, has started construction of a $15m brewery in Nassau in association with two Bahamian partners. Page 25

POWER Corporation of Canada is buying control of Tele-Metropole, operator of the private commercial TV network in *Quebec, for C$97.6m* (U.S.$71m). Page 25

DUNLOP OLYMPIC, diversified Australian group, announced a boost in its annual dividend and a one-for-10 rights issue aimed at replenishing cash reserves. Page 24

SCHINDLER, Swiss lift manufacturer, expects to hold consolidated net earnings at approximately last year's SwFr 46m ($20m) in 1985. Page 23

UK sells $2.5bn floating rate issue to boost reserves

BY MAX WILKINSON AND MAGGIE URRY IN LONDON

THE BRITISH *Government* announced yesterday that it is to boost its foreign exchange reserves by launching a $2.5bn floating rate note issue on the *international* capital markets.

This is the first time that Britain has used a floating rate issue to increase its reserves, which have declined *steadily since 1979. Foreign* currency reserves available for intervention in *the exchange markets* then stood at $18bn compared with only $7.5bn in August.

The issue raised speculation that Britain might be preparing the ground for full membership of the European Monetary System. *Healthy* reserves might then be needed to ensure that the pound could be held *steady against continental* European currencies.

However, the Government insisted yesterday that the new borrowing was an "insurance policy" against turbulence in the foreign exchange markets and that the Treasury was rebuilding reserves to the more prudent level of 1982.

The seven-year issue, which took the Eurobond market by surprise, *is the largest of its kind,* and the first from the UK Government. It was *enthusiastically received* by dealers, who reported strong demand for the bonds. Demand was so good that the Government agreed in the afternoon to increase the *size* of the *issue* from $2bn to $2½bn.

The biggest floating rate Eurobonds

Borrower	Size	When issued
UK	$2.5bn	Sept 85
EEC	$1.8bn*	May 85
Sweden	$1.2bn†	Jan 83
Sweden	$1.0bn	Oct 83
Italy	$1.0bn	Oct 84
Malaysia	$850m	Aug 83

* Refinancing earlier $1.8bn issue
† Redeemed early

While the borrowed dollars remain as part of the reserves, the cost to Britain will be minimal. The Bank of England will reinvest the cash and could even make a profit, since yesterday's note issue commanded very fine terms.

If the money were used to shore up sterling on the foreign exchange markets, the Government would have to find the full cost of servicing *the debt* in dollars.

Britain will pay interest quarterly at the *interest rate at which banks* bid for three-month Eurodollar deposits in the London interbank market; currently 8⅛ per cent. The fees for the issue, which are expressed as a discount to the par issue price, total $15m. Part of this discount is effectively passed on to investors who buy the bonds below par.

The Government's borrowing cost is *lower* than for any previous floating rate note issuer, except for the *EEC's* refinancing issue. However, some bankers believed that an even *cheaper rate could* have been achieved if the bonds had been auctioned or if the swap market had been used.

The bonds were popular because the UK is widely regarded as a top quality credit and, since only a few *Eurobond issues for nationalised* industries have previously carried a UK *government* guarantee, the name has considerable scarcity value.

The decision to boost UK reserves by borrowing, appears to have been taken some months ago. In February, when the five major powers agreed to joint intervention to stop the dollar rising further, it became embarrassingly clear that Britain's available reserves were very small in relation to the task.

After the agreement, with the *U.S., Japan, West Germany* and

Continued on Page 22

Feature, Page 21; Lex, Page 22; Eurobonds, Page 23; Money markets, Page 39

London expels six more Soviet citizens

By Robert Mauthner in London

THE WAR of retaliatory expulsions between London and Moscow continued yesterday with the ajection from the UK of six more Soviets, including two diplomats and one journalists.

The move followed urgent discussions on Sunday and yesterday between Mrs Margaret Thatcher, the Prime Minister; Sir Geoffrey Howe, the Foreign Secretary; and Mr *Douglas Hurd, the Home Secretary;* before the Premier's departure for a tour of the Middle East.

Yesterday's decision brings the number of Soviet citizens expelled from Britain to 31 since last Thursday, when 25 Russian diplomats, journalists and businessmen were told that they must leave the country *within three weeks.*

Moscow quickly responded by expelling the same number of Britons from the Soviet Union on Saturday, a decision which clearly took the British Government by surprise by its scale. In the past, the Soviets have always kept to an unwritten "rule" of proportionality, under which the number of expulsions for spying was linked to the size of the *respective Soviet and British* communities in the two countries. This meant that the Soviets usually retaliated by expelling fewer Britons than the original British expulsions of Russians.

Mr Lev Parchine, the Soviet charge d'affaires in London, was summoned to the Foreign Office last night to be informed of the expulsions by Mr Derek Thomas, Deputy Under-Secretary of State.

Mr Thomas told Mr Parchine that the Soviet action in expelling 25 Britons was "a totally unjustified response" to the British Governments expulsion of Soviet personnel, "who had been actively engaged in intelligence activity designed to *undermine* the national security of the UK."

London could only see the Soviet action as "an unwarranted victimisation of innocent people," which the UK Government was not prepared to accept.

There was "incontrovertible evidence" provided by Mr Oleg Gordievsky, the former KGB chief in London, who had defected to the British, that all six persons expelled yesterday had been engaged in Soviet intelligence activities in the UK, a Foreign Office statement said.

The six Soviets have been given until October 7 *to leave the country.*

Continued on Page 22

Soviet allies play down expulsion, Page 2; Editorial comment, Page 20

Deng sweeps old guard out of office

BY ROBERT THOMSON IN PEKING

MORE THAN 130 senior Chinese officials have resigned to make way for younger leaders, in a dramatic *move that will change the face of* the country's geriatric-ridden leadership.

The mass resignation puts into place the plans of the Chinese leader, Deng Xiaoping, for an orderly system of pensioning off senior political leaders, who previously would not release their grip on power *until* they died. *That provided* China with a feeble gerontocracy and, *as one party powerbroker* remarked, "a senility problem."

The overhaul also puts Deng, who is 81, closer to his goal of safeguarding his reforms by replacing elderly opponents with younger, better educated and more pragmatic officials, ready to *toe his line. How* much closer he is to that goal will *be revealed when the replacements* are announced in the next week.

Sixty-four members of the Communist Party's 210-member Central Committee and its 138-member Alternate Committee, the core of political power in Chino, will go. Their resignations were announced at a meeting yesterday of those committees to preview an extraordinary party conference, beginning *tomorrow.*

Some 37 party veterans have also resigned from the Central Advisory Commission, and 30 members have resigned from the Central Discipline Inspection Commission, designed to ensure the party line is kept straight.

At that extraordinary conference, expected to last about a week, the younger set will be put in place, and the country's next *five-year* economic plan, which is likely to push the *"open door"* a little further ajar, will be approved.

Most of the replacements are expected to be in Deng's image. He is determined to institutionalise continuing leadership change and secure his modernisation drive before he, too, must depart. His ability to win so many resignations is a measure *of his* hold on the party.

The most significant changes are *in the power elite, the 25-member* Politburo, the members of which also serve on the Central Committee but are one rank above the rest. Ten members of the Politburo have resigned, two of them in their late 60s, three in their 70s and five in their 80s.

They include the influential Marshal *Ye Jianying, 88, who* has been a symbol of the opposition within *the leadership to Deng's pragmatic* reforms, and who had stayed in office despite serious illness and despite not having made a public appearance for over two years.

Marshal Ye is now o symbol of the declining strength of the military in Chinese politics. Six of the 10 Politburo members to leave have

Continued on Page 22

BL will build gearbox under Peugeot licence

BY ARTHUR SMITH IN BIRMINGHAM

AUSTIN-ROVER, the volume cars subsidiary of Britain's *state-owned* BL group, is to build a new gearbox under licence from Peugeot, the private French motor vehicle concern.

The deal, which will involve an £80m ($106m) investment at Austin's Longbridge factory near Birmingham, marks the first major departure for *BL outside its* expanding ties with Honda of Japan.

The gearbox will link with the planned K-series small engine, the *£250m project at the centre of* the recent six-month delay in British Government approval of the BL corporate plan.

Austin Rover, under government pressure to trim its £1.8bn five-year investment plan by buying the small engine from Honda, insisted that the design and manufacturing capacity should be kept in the UK.

Austin Rover said that work was proceeding on the K series which, with the Peugeot gearbox, will power the replacement for its Metro, *codenamed AR8, due in 1988-89.*

Georg Fischer, the *Swiss* engineering group, is to switch its production of engine castings for General Motors cars from continental European plants to one of its factories in Britain. This is *the first success in an effort by* GM, the Vauxhall-Opel group, to *increase components purchases* in the UK. Page 13

Austin Rover said the deal with Peugeot *followed several months* of negotiation. The four and five speed front-wheel-drive transmission units, still under development in France, will be jointly modified to meet Austin Rover's requirements for small cars.

The gearbox replaces ona originally introduced in 1959 to power the old Mini but which has been subject to continuous refinements.

The Longbridge investment, phased over three years, will involve new technology and automation but should not cause a loss of jobs, Austin Rover insisted. Higher volumes would be sought as part of the company's expansion programme.

Earlier this year Austin Rover announced a £15m investment at Longbridge and its Drews Lane components plant to manufacture under licence from Honda a five-speed *gearbox for use* in the two-litre Maestro, Montego and the *Rover 216.*

That project, which the company said would create 400 jobs, saved development and tooling costs of around £100m.

Austin Rover said the savings from the Peugeot deal were similar. It stressed that UK manufacture would provide opportunities for local suppliers of machinery, materials and components.

Saudis to sell crude below official prices

BY RICHARD JOHNS IN LONDON

SAUDI ARABIA is to charge market-related prices for up to 500,000 barrels a day of crude oil processed in its two export-oriented refineries jointly operated by the Government with Mobil and Shell, it was revealed yesterday.

The latest edition of the Middle East Economic Survey (MEES) *says that from August the crude in*put would be invoiced at "netback" prices, or a level sufficient to allow a margin of profit after taking into account costs of processing and transporting products.

News that such a volume of crude will be disposed of at below official *selling rates* is bound to depress the sagging spot market further after revelations of the 820,000 b/d involved in recent "net-back" deals with Exxon, Mobil and Texaco.

Yesterday's sharp fall in the FT Oil Actuaries index from 1,159.95 points on Friday to 1,127.81 was attributed to the Saudi pricing policy changes. British Petroleum shares closed 12p lower on the day's trading at 531p and Britoil was down 10p at 203p.

On the spot market, Arabian Light, the most important Saudi and Gulf crude, remained steady with a buyer-seller range of *$27.40-$27.50* compared with the $28 official selling rate, but rates for *North Sea crudes* softened. Brent Blend for October delivery dropped to a range of *$27.15-$27.25 compared with* $27.30-$27.35 on Friday.

Mees quotes "top-level Saudi sources" as saying that the switch away from strict adherence to official selling rates towards a more flexible pricing policy was intended

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Unilever's new two-tier bid puts pressure on Richardson board

BY CHARLES BATCHELOR IN LONDON AND TERRY DODSWORTH IN NEW YORK

UNILEVER, the Anglo-Dutch food and consumer products group, yesterday launched an unusual two-tier takeover bid for Richardson-Vicks, the U.S. skin and health care group, promising shareholders a higher price for their shares if the Richardson *board* is prepared to back the offer.

Unilever said it would offer $56 for each Richardson share, valuing the *bid* at $1.35bn, if the Richardson board approves the offer, but only $48 a share, or a total of $1.2bn, if it continues to oppose it.

The Anglo-Dutch group said in its formal offer document, published yesterday that it was beginning legal action in a *New York federal* court alleging that Richardson and *its directors violated* U.S. *securities* laws and their duties as trustees under Delaware law.

Unilever claims that Richardson's directors failed to disclose that a programme to buy in up to 5m of their company's own shares would allow it to block a merger. Unilever also claims the directors failed in their duty to shareholders by using *corporate* assets to benefit the Richardson group and entrench management at the expense of other shareholders.

Wall Street analysts estimated that the Richardson family group, *which held a 32 per cent stake in* the company before the bid, had bought a further 2.5 to 3m shares, to give them a 36 per cent holding, enough to block the Unilever bid.

Under Richardson's articles a takeover needs the approval of two thirds of the shares.

One Wall Street analyst said Unilever's two-tier *bid* was aimed at getting the Richardson board to the *negotiating table.*

Another said: "If Richardson comes out with a negative response there will be some unhappy shareholders and the arbitrageurs are likely to get restive."

Arbitrageurs, who regularly buy shares in companies which are the target of takeover, bids, are already believed to have built up a significant stake in Richardson.

The company has ten days to respond formally to the Unilever bid.

Richardson's shares rose $1⅛ to $50⅛ yesterday in heavy trading.

Unilever said it had bought 100,000 Richardson shares at between $46 and $47⅛ *on September 12 and 13* for a total of $4.69m. Its offer expires *at midnight, New York time,* on October 11, unless it is extended.

Unilever has reached agreements with banks and institutions to borrow up to $1bn of the purchase price and will provide any extra funds from its own liquid resources amounting to about $1.12bn.

Unilever first announced on September 9 its intention of making a takeover bid for Richardson worth $54 a share, or $1.3bn.

Details, Page 28

CONTENTS

France cool to NZ call for talks on nuclear tests

BY DAVID MARSH IN PARIS

FRANCE LAST night reacted coolly to an offer by Mr David Lange, the New Zealand Prime Minister, to visit Paris to try to lower tensions between the two countries over nuclear testing in the South Pacific.

The Foreign Ministry had no official comment on Mr Lange's suggestion of a meeting in France with President Francois Mitterrand to try to end the war of words between Paris and Wellington. But officials pointed out that the invitation on Sunday by M Mitterrand to Mr Lange and other Pacific leaders was to visit the test centre of Mururoa and not Paris. Both Mr Lange and Mr Bob Hawke, the Australian Prime Minister, yesterday rejected M Mitterrand's proposal.

Mr Hawke, speaking at a news conference at Port Moresby, Papua New Guinea, appeared particularly irked by M Mitterrand's barbed suggestion that French scientists visit areas of Australia where Britain exploded nuclear devices up until 1962.

"I have one message and one message alone for President Mitterrand," he said. "If President Mitterrand is so interested to prove to everyone in our region just how absolutely safe these tests are, there is one logical conclusion that follows: take his tests back to France and have those absolutely safe tests in metropolitan France."

He added: "He is saying to the countries of the region 'come and see how absolutely safe it is.' If that's true, then pick up his trappings and all his scientists who can tell you how absolutely safe it is, pick it all up and take it back and do it in France. It's absolutely safe."

He said M Mitterrand's statement had introduced a new dimension into international relations. "The logic of that is, and I understand that the French have a great love of logic, that if you oppose a particular policy of another country then you are its foe," he said.

"That introduces a very dangerous dimension into relations between nations. I repudiate it."

Mr Lange, speaking in Wellington, appeared to be trying to lower the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he was not interested in going to Mururoa as he wanted to see M Mitterrand, not a "bomb crater." The French President has already termed "unconsidered" some of Mr Lange's remarks about nuclear testing and the sabotage of the protest vessel, the Rainbow Warrior.

In spite of M Mitterrand's somewhat half-hearted gestures of conciliation in his televised address on Sunday night, the atmosphere between Paris and Wellington remains hostile. M Mitterrand referred to New Zealand—although he did not mention the country by name—as an "adversary" during his visit to Mururoa on Friday.

Mr Geoffrey Palmer, the New Zealand deputy Prime Minister, who was due to visit Paris this month as part of a European tour, has been dissuaded by the French Government from coming.

French officials say this is above all because Wellington has made clear it has nothing to tell Paris about evidence being prepared for court proceedings against two French secret service agents accused of sinking the Greenpeace ship Rainbow Warrior in Auckland harbour in July.

Dai Hayward in Wellington adds: Mr Lange said yesterday he was prepared to meet the French President "anywhere, anytime" to discuss the Greenpeace incident. He hoped such a meeting could take place soon and said he was prepared to fly to France.

The Greenpeace affair, and the admission that French spies were operating in New Zealand, has caused an angry reaction against France in New Zealand. Last night, radio commentators were asking why the Government did not expel the French ambassador. There were also calls for the Government to try to stop a New Zealand Rugby League tour of France.

Parallels were drawn with the proposed rugby tour of South Africa which Mr Lange's Government had striven hard to prevent.

Belgian businessmen warn about economic recovery

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN business community has warned candidates for next month's general election that the country's economic recovery is fragile and that measures need to be taken to enhance competitiveness.

Economic, social and financial problems must remain a priority in the next legislature, the businessmen said, implying that time should not be wasted on communal argument between the Dutch-speaking north and the French-speaking south.

The four main business federations of the country spelt out their concerns in a joint letter to all those standing for election to the Chamber of Deputies and the Senate on October 13.

The concerns translate into a rejection of the economic policies adopted by the Socialist parties, the opposition in the outgoing Parliament. These policies embrace officially-sponsored selective reflation and a substantial reduction in working hours.

The business community is, in effect, asking for intensification of policies followed since 1982 by the centre-right coalition of Mr Wilfred Martens. Broadly the coalition has been seeking to shift resources from consumers to the corporate sector through a mixture of economic restraint policies and measures designed to mobilise private capital.

Candidates at the election are being asked to counteract the erosion of corporate competitiveness that has set in since last year. The business community wants wage index-indexation to be applied only once a year, not three times, and it is pleading for a lighter burden of social security taxes.

It wants reductions in direct taxation and a permanent system of tax concessions for savers who invest in Belgium.

Pit accidents anger Spain's coalminers

By Tom Burns in Madrid

SPAIN'S COAL industry faces renewed stoppages and angry protests over safety standards following the third fatal mining accident yesterday in the Asturias region in less than a fortnight. Sixty people have been killed in Spanish pits this year.

There have been intermittent stoppages in the past two weeks, as well as a full 48-hour strike amid rising concern at what unions claim are deficient safety standards.

Miners leaders called for a further 24-hour halt today as a day of mourning.

Among the issues raised by unions are the extended practice of piece rates which motivates miners to ignore safety rules and the engagement of short-contract employees who have limited knowledge of pit procedures. Unions also say pit inspections are deficient.

Italian Communists seek closer ties with Socialists

BY JAMES BUXTON IN ROME

ITALY'S Communist Party is to seek closer relations with the Socialist Party of Sig Bettino Craxi, the Prime Minister, Sig Alessandro Natta, the Communist leader, said at the weekend. But he also insisted that the party must stick to its aim of bringing down the "contradictory" and "quarrelsome" five-party coalition which Sig Craxi heads.

Sig Natta was concluding the annual two-week Communist party rally, held this year in Ferrara. The gathering saw the flowering of a discreet but lively debate between party leaders about the future of the Communist party in Italy

As a result of these failures, Sig Natta, widely regarded as an ineffective party leader compared with his predecessor, the late Enrico Berlinguer, decided to bring forward the next party congress by one year to next spring.

He attempted to soften the party line towards the Socialist party, to which the Communists have put up bitter opposition for the past two years—a policy now regarded as an electoral liability. But he said that signs of a change of attitude would have to come from the Socialists, too.

Sig Natta also tried to respond to some of the ideas raised during the two weeks of debate. He said that the party would become more than ever "a party of suggestions and ideas." But he said that the Communist party had no apologies to make to anyone "either for its name or for its past."

This was seen as a firm rejection of the idea, cautiously mooted on the fringes of the party and more openly by outsiders, that the Communist party should cease to call itself Communist and choose a name that reflected more closely the social democratic views of the majority of its members.

Soviet allies play down row over expulsions

By Leslie Colitt in Prague

THE Soviet Union's allies in eastern Europe have indicated they will not allow the escalating row between Moscow and London to affect their relations with Britain.

Czechoslovakia and East Germany, two of the Soviet Union's closest Warsaw Pact partners, yesterday published without comment the Soviet news agency Tass's account of the protest against the expulsion of Soviet representatives in London.

The four paragraph item from Moscow in the main Czechoslovak Communist newspaper Rude Pravo was displayed on the back pages. In the past Prague Government has gained a reputation of being more vituperative than Moscow in its attacks on the West.

Czechoslovak officials have made a point of not mentioning the tensions in Anglo-Soviet relations in their contacts with British diplomats in Prague while the participation of UK companies at the current Brno trade fair has been wholly unaffected.

Eastern Europe, in line with the Soviet Union, has not mentioned the defection to Britain of Mr Oleg Gordievsky, the senior KGB official in London.

The low-key approach by the East Europeans in reporting the expulsions reflects their unwillingness to worsen their own relations with Britain over what is seen as an Anglo-Soviet dispute.

East Germany has displayed an eagerness to upgrade its relations with London no matter what the state of Anglo-Soviet relations. The East German Government is working hard to improve its ties with the three Western allies in Berlin who still have responsibilities for the two German states.

Reuter reports from Moscow: Soviet officials gave a British trade team a normal welcome yesterday as Moscow awaited action by London after the tit-for-tat expulsion order against 25 British citizens.

Diplomatic sources said a group of Scottish businessmen was greeted cordially by a first deputy minister and other officials at meetings in Moscow despite the crisis in relations that began with expulsions from London last Thursday.

The Russians only slightly downgraded the level of reception for the Scottish trade team following the crisis and the decision of Mr George Younger, Scottish Secretary of State, not to come yesterday, according to the sources. Mr Younger, a Cabinet minister, had been due to lead the group, from the Scottish Council of Development and Industry. Lord Clydesmuir, the organisation's head, is leading the group, which includes representatives from 17 companies.

FINANCIAL TIMES

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Bonn likely to seek pact with U.S. on SDI research

BY PETER BRUCE IN BONN

A TEAM of 30 West German bureaucrats, industrialists and researchers met yesterday to draw up a report that will play a critical role in helping Chancellor Helmut Kohl to decide what support Bonn will give to research into the U.S. Strategic Defence Initiative (SDI).

Early indications are that it will recommend a bilateral agreement with Washington to ensure support for West German companies trying to win research contracts.

Delicate questions about the scale and shape of West German involvement are proving a serious headache for the Government. The Chancellor is keen to demonstrate political solidarity with the U.S. Administration by agreeing to at least a token, but bilateral, SDI research pact, but he faces deep scepticism from within his coalition.

The 30-strong team returned to West Germany at the weekend after an intensive 10-day fact-finding tour of the U.S.

Herr Kohl, who was briefed yesterday on the U.S. visit, plans to see President Ronald Reagan to discuss preparations for the latter's summit meeting with Mr Mikhail Gorbachev, the Soviet leader in November. The Chancellor wants to have reached at least a provisional decision by then.

The delegation have given little away since their return but were clearly impressed with the openness of their hosts. Members of the team, headed by Herr Horst Teltschik, one of the Chancellor's closest personal advisers, have spoken of their "satisfaction" with the information given them and have suggested that at least the preconditions for a bilateral treaty exist.

The question facing Herr Kohl, however, should the delegation recommend official participation, is how? Many observers here believe he may be forced to try to keep any government-to-government pact as low-key as possible.

Bonn is also worried that a large West German role in SDI research would anger the Soviet Union and damage relations with West Germany's communist neighbours.

Nevertheless, there is considerable pressure for a government role from business, which argues that a bilateral accord would open the way for more research contracts. Bonn is keen to help them, and any accord may be confined solely to conditions which would assure the U.S. that technology transferred to West Germany would be kept secret.

Herr Teltschik's final report to the Chancellor is likely to support this and, at the same time, to try to distance such support from more controversial political and strategic questions. In Washington on Saturday, he insisted there was a wide gap between the SDI research phase on one hand and development and deployment on the other. "At the moment we are talking only about the research programme," he said, "and about the question of whether German industry should participate in the research programme."

HERR JOHANNES RAU, Premier of the West German state of North-Rhine Westphalia, has put an end to months of speculation by agreeing to be nominated as the Social Democrat (SPD) candidate for Chancellor at the general election in January 1987, writes Peter Bruce.

Herr Rau (54) is likely to be nominated formally later this year, although his election as candidate to oppose Chancellor Helmut Kohl will probably only take place at the SPD's main congress in a year's times.

It was not clear last night whether Herr Rau, who is on the right of his party, had attached any conditions to his agreement. He is known to have argued with Herr Willy Brandt, the party's chairman, over the latter's wish not to exclude the possibility of coalition with the radical Greens from SPD policy.

The SPD is running close to the senior government coalition party, the Christian Democrats (CDU) in opinion polls, but Herr Rau stands well above Herr Kohl in personal ratings. He led the SPD to a huge victory over the CDU in North-Rhine Westphalia in May.

EEC ministers try to find cash for commitments

BY QUENTIN PEEL IN BRUSSELS

EEC BUDGET ministers face the twin challenge today of finding the cash to pay for next year's enlargement of the Community to include Spain and Portugal, and financing a big build-up of commitments accumulated over several years of budget cuts.

They face a call by Spain for a fairer share of spending in its first year of membership, which could yet leave Madrid as a net contributor to the Community, just like Britain.

The aim of the financial terms for both Spain and Portugal, agreed by all the member states earlier this year, was to make the early years of EEC membership neutral. As a result, it was decided they should receive a rebate of 87 per cent of their VAT contributions in the first year.

Latest calculations, however, suggest that the two new members will be contributing some Ecu 3.3bn (£1.8bn) from VAT, customs receipts and various levies, while getting back some Ecu 1.3bn (£741m) in Community spending and Ecu 1.8bn in rebates, leaving a deficit of some Ecu 200m.

None the less, the cost of enlargement makes the EEC 1986 budget already look swollen, compared with 1985. The European Commission has called for spending of Ecu 34.9bn compared with this year's total of Ecu 28.4bn, an increase of some 23 per cent on paper.

Malta and Italy close to bilateral agreement

BY ALAN FRIEDMAN IN MILAN

MALTA and Italy appear to be headed towards a new bilateral agreement which could resolve long-standing disputes between the two countries. It is believed that negotiators from the Italian and Maltese governments have completed the drafts of an agreement which could be finalised in the next few weeks.

The two countries have sought to improve relations since Dr Carmelo Mifsud Bonnici took over last year as Prime Minister from Mr Dom Mintoff. The Maltese Government last year imposed a stringent ban on Italian imports and curtailed Maltese travel to Italy in a dispute caused in large part by Malta's bilateral trade deficit with Italy.

Since Mr Mifsud Bonnici took over as Prime Minister, he has been attempting to repair relations with Rome and has generally been taking a more conciliatory stance towards Western European countries than did his predecessor.

Last weekend the Maltese government lifted key trade and travel restrictions, a move which will undoubtedly have been seen in Rome as a goodwill gesture. The following elements form the current basis of discussions for an agreement between the two countries:

- The Italians may be willing to offer more than $20m of grants and assistance if the Maltese provide contracts for Italian private companies;
- Italy may well provide Malta with assistance on the development of radar facilities and may contribute to a new desalinisation project.
- The Italians may provice assitance on road construction.
- There may even be a symbolic $1m-$2m credit from Italy to Malta.

It is thought that after Malta's goodwill gesture at the weekend (lifting the trade and travel restrictions) the Italians will be watching to see how things go at a meeting of Western European Christian Democratic parties, to be held in Valletta in the next few days.

EUROPEAN NEWS

Bulgaria puts up prices, cuts imports in austerity package

BY OUR VIENNA CORRESPONDENT

THE BULGARIAN Government has announced drastic austerity measures with sharp price rises to overcome the combined effects of a serious crisis in agriculture and in the energy sector. Imports of some goods including food and some beverages are also to be significantly curtailed.

The prices of petrol, diesel fuel, drinking water, electricity and a wide range of food and other consumer products are all rising to "compensate for the losses inflicted upon the national economy by the natural calamities of 1984 and 1985," the Bulgarian Telegraph Agency (BTA), the official news agency, said yesterday. The measures were agreed by the Council of Ministers on Sunday and became effective yesterday.

Petrol and diesel fuel have been increased by 35 per cent. A litre of high grade petrol, which until yesterday sold at about 1 Lev ($1 at the official rate), will now sell at about $1.35, making it one of the most expensive in Europe. Diesel fuel for domestic heating is going up by 8 stotinki (100 stotinki to the lev) per litre.

Drinking water for industry is going up by more than 260 per cent from 11 stotinki to 40 stotinki, and for domestic use by more than 66 per cent from 6 stotinki to 10 stotinki. The price of electricity has risen by an average of 58 per cent and by 41 per cent for domestic users. Domestic electrical appliances have gone up by 30 per cent and cars by an average of 12 per cent.

Imports of spirits are to be limited and their price substantially increased. Some imported goods and other products manufactured locally under licence have also been increased including cigarettes, beer, coffee, special sugar and chocolates, special cheese, pork, chopped meat, canned food and special sausages.

The price of some construction materials has gone up by 20 to 38 per cent and the price of services by an average of 13 per cent.

Western diplomats say that the measures had been expected following recent comments by senior government officials and Mr Todor Zhivkov, Bulgaria's leader, about large-scale wastage in agriculture and in the use of energy. Agricultural and energy production have both suffered from the effects of a harsh winter and from a severe drought since.

The drought has caused considerable damage to agriculture, ruining some major export crops.

Romania aims to clear all debts

BY PATRICK BLUM IN VIENNA

ROMANIA INTENDS to repay all its foreign debts within the next two nr three years and will have repaid about half its 1980 debt by the end of this year, President Nicolae Ceausescu, the country's leader, said in an interview reported yesterday by Agerpres, the official news agency.

Romania's gross debt was $9.6bn in 1980. It rose to $10.2bn in 1981, its highest point, then fell to $7.2bn at the end of 1984, according to figures from the Vienna Institute for Comparative Studies.

This year, Romania planned tn repay $1.7bn of principal in addition to $600m interest, but this may be an over-optimistic target in view nf the country's cash-flow difficulties earlier in the year and the disruptions in industry ald exports caused by the severe winter. Romania recently requested a new international $150m credit to compensate for shortfalls in its cash flow.

Mr Ceausescu, however, said that Romania would not be relying on foreign credits in the future. "For a long time we used financial credits which led to over $10bn foreign debt at one time.

"We realised that the excessively high interest rates and the financial policies of the great industrial imperialist powers caused very big difficulties and virtually made the recourse to credits impossible. That is why we decided tn resort to foreign credits no longer and start repaying them as soon as possible."

The country's return to the financial markets may herald a change of heart in Bucharest, although the country's borrowing is expected tn remain limited in the next few years.

Italy and Austria in port deal

BY JAMES BUXTON IN ROME

ITALY is to give Austria favourable treatment at the port of Trieste on the Adriatic. This is one of the principal concrete results of the visit to Rome last weekend by Herr Fred Sinowatz, the Austrian Chancellor.

Trieste, which used to be the Austro-Hungarian empire's principal outlet to the sea on its own territory, has not been handling its fair share of Austrian trade since it became Italian at the end of the first world war.

In part, this is because of the difficult transport link between this part of Italy and Austria. The railway from Trieste across Italian territory to the Austrian border near Villach, is only single track, although it is being doubled, and an autostrada link is not complete.

Austria has tended to use Yugoslav ports and also directed its trade via the West German port of Hamburg.

Under the agreement signed at the weekend Austrian goods are to be given a 20 per cent cut in taxes when they pass through Trieste and port charges on Austrian goods are to be cut by one third.

A key beneficiary of the agreement is likely to be the Trieste-Vienna oil pipeline, which in the first six months of 1985 carried 3m tonnes of crude to Vienna. Italy is to drop its requirement that 20 per cent of the volume of oil passing through the pipeline is maintained in obligatory stocks in Italy.

Poland's workers fight steel mergers

By Christopher Bobinski in Warsaw

POLAND'S freely elected workers' co-management councils are resisting government plans to centralise the steel industry.

It is proposed to amalgamate 60 independent steel producers and related enterprises in nne large combine with decision-making concentrated at the top. Such a reorganisation which runs counter to Pnland's decentralising reforms, would in the past have gone through without protest, but the new workers councils in the industry are required by law to approve any merger.

The councils, which were introduced at company level under the reforms and would in effect disappear as a result of the reorganisation in the industry, have been given until Friday to express an opinion.

The council at the Baildon works in Silesia which was elected last April by more than 70 per cent of the workers has already rejected the move. The council at the Warsaw steel works, one nf the most active in the country, is also expected to oppose it.

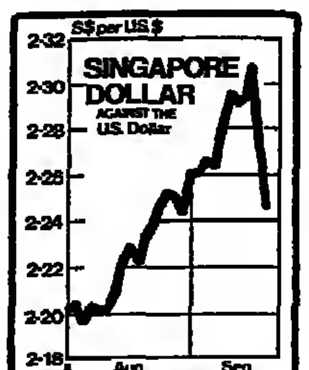
Efforts by council activists to co-ordinate policy on the issue are being closely monitored especially in Silesia where the police have a reputation for heavy-handedness and the authorities are ready to bring pressure to prevent any common initiative.

In a separate development, the co-management council at the Elana chemical fibre works in Torun is proceeding with plans to hold a meeting to group council members from 20 of Poland's largest plants.

The council was pressed by the authorities to call off a similar meeting two years ago, and it is now attempting again to put together a common statement on the state of Poland's economic reform.

● Poland's Ministry of Finance is working on a project permitting public enterprises to sell bonds by public enterprises to other companies as well as the population at large, it is reported.

The scheme follows the Hungarian example where the sale of bonds has been allowed since 1982. A Polish government go-head has already been signalled for the sale of bonds to companies but the point at issue remains whether to permit the public to participate.



Singapore acts to defend currency

By Chris Sherwell in Singapore

THE Singapore Government yesterday acted to "repel" what it called a sustained speculative attack on its currency, the dollar, which, in the month up to the end of last week, slipped an unusual 5 per cent against the U.S. dollar.

In a fresh bid to deter speculative short-selling, the Monetary Authority of Singapore, the island state's quasi-central bank, drove up overnight money market rates to new highs. At one point yesterday they touched 35 per cent, and at the end of the day the spread was five points, 10-15 per cent.

The Singapore dollar closed at S$2.2425 against the U.S. dollar as a result, well up on Friday's close of S$2.2830 and the recent low of S$2.31 last Thursday.

Dr Gob Keng Swee, acting chairman of the MAS in the absence of Dr Richard Hu in China, meanwhile, issued a blunt statement yesterday saying the financial markets were "wrong" in their "widespread belief" that the Government wanted a cheaper Singapore dollar.

Ho said the argument in favour of a depreciation—that it would benefit export industries—was also wrong since the local content of Singapore's manufactured goods was small. A devaluation would raise the cost of living as well, he pointed ont.

Bankers, however, argued that the Government had recently allowed a gentle slide in the currency, apparently in line with arguments heard in the special Economic Committee now considering Singapore's economic problems.

MAS figures show that up to last month, the Singapore dollar had weakened against the U.S. dollar by only 2.4 per cent compared to the December 1984 level. But it depreciated almost 19 per cent against sterling, 14-15 per cent against the D-Mark and Swiss franc, and 8 per cent against the yen.

With the country facing zero to negative growth this year, this trend seems to have fuelled expectations about a currency shift, leading to the latest disorderly market.

The Government, for its part, does not yet wish to see prime rates rise in defence of the currency, precisely because the economy is so depressed.

MAS tactics at present appear to be to make the normally liquid money market extremely tight, thus making it costly to fund transactions in which Singapore dollars are sold on the spot market and bought back in a forward deal.

The final option at its disposal would be to dip into its considerable reserves. But bankers in Singapore believe it would be next to impossible to defend the currency against the awesome power of market forces.

U.S. unhappy about Aquino murder case

THE U.S. Government expressed dissatisfaction with prosecution of the Benigno Aquino assassination case for the first time yesterday and criticised Philippine rejection of U.S.-produced evidence, AP reports from Manila.

The U.S. State Department, in a statement released in Manila and Washington, said it had hoped for a "rigorous examination" of the scrambling of Philippine jets around the time of the assassination of the opposition leader. It said one reason prosecutors gave for rejecting U.S. airmen's affidavits on the incident was "wholly without foundation."

Lawyers for Gen Fabian Ver, the armed forces chief, 24 other soldiers and one civilian are winding up the defence case in the seven-month trial. All are charged with varying degrees of complicity in the killing of Mr Aquino on August 21 1983, as he returned from exile in the U.S.

The U.S. embassy released to the Philippine press copies of the U.S. statement and of affidavits of U.S. Air Force men about an alleged Philippine Air Force attempt to intercept an aircraft thought to be carrying Mr Aquino and to divert it to an airfield outside Manila.

DEBTOR COUNTRIES AT LIMIT OF AUSTERITY

Unctad warns over debt burden

BY WILLIAM DULLFORCE IN GENEVA

MANY indebted developing countries have reached the limits of austerity after cutting imports to the bone and reducing living standards in order to generate trade surpluses, the United Nations Conference on Trade and Development (Unctad) warned yesterday.

The decline in bank lending to the embattled countries, combined with high interest rates, made it doubtful whether they could sustain the present large transfer of resources needed to service their debts, Mr Allstair McIntyre, Unctad deputy secretary general said yesterday.

His statement followed the publication yesterday of a report by the Inter-American Development Bank, which declared that Latin American debtor countries had "valid reasons" for resisting the policies of the International Monetary Fund (IMF).

Mr McIntyre called for "a thorough re-examination of the situation and of the policies, measures and actions necessary to deal with it." As long as the present situation prevailed, the health of the international banking system would be at risk, he said.

He was speaking at the start of a two-week meeting of Unctad's Trade and Development Board which will discuss the annual report, published earlier this month, of the Unctad secretariat. The report concluded that debtor countries' efforts to generate large trade surpluses were frustrating hopes of economic development in the Third World.

It calculated that debtor countries would continue to face serious difficulties even if net bank lending to them grew at an annual rate of 6 per cent.

In fact, Mr McIntyre pointed out, net lending by commercial banks from countries belonging to the Organisation for Economic Cooperation and Development (OECD) had declined by $2.4bn in the first quarter of this year.

Indebted developing countries bad managed to cut their collective current account deficit from $120bn in 1981 to $35bn last year but it was donbtful whether they could sustain such a draconian shift in resources.

The debt service costs of countries in sub-Saharan Africa, Unctad estimates, will practically double from $5.7bn in 1983 to $11.8bn this year. In some Latin American countries the net transfer of resources amounts to 5 per cent of gross national product ur more.

Mr McIntyre said any action taken would have to include a lengthening of debt maturities and a softening of the interest rates faced by debtor countries. The financial cost would have to be borne "on some agreed basis" by the international community.

Governments and international agencies should increase their financial flows to the developing countries, reschedule debt in multi-year packages and cancel some debts outright.

Countries with a large share of commercial bank lending should consider establishing an international facility to subsidise interest rates.

S. Africans pursue Swapo forces in Angola

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN and Namibian security forces, backed up by the air force, crossed into Angola yesterday in pursuit of South West Africa People's Organisation (Swapo) forces, operating from Angolan bases. The operation is in response to stepped up military action by Swapo guerrillas at a time when South Africa, has been pre-occupied by mounting international financial and other pressures and continuing violence in black townships.

South Africa announced the final withdrawal of its own forces from southern Angola last April after announcing that it had caused severe damage to Swapo infiltration routes from bases deeper in Angolan territory. It warned at the time that it would not hesitate to cross the border again in pursuit of Swapo forces if needed and at the end of June security forces mounted a hot pursuit operation which penetrated more than teo miles into Angolan territory and killed 62 Swapo guerrillas.

The black "frontline" states of southern Africa have urged greater world pressure on Pretoria to end apartheid despite the harm they would also suffer, Reuter writes from Maputo. A communique issued after the meeting between the leaders of Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe welcomed the growing condemnation of apartheid by Western countries

On July 28 Swapo forces made a mortar attack, using 88mm and 140mm weapons, on the residential area of the Oshakati military base in the Ovamboland war zone close to the border. Yesterday General Constand Viljoen, chief of South African Defence Force, said that recent weeks had seen a sharp increase in abductions, intimidation and sabotage while reconaissance indicated that Swapo's 8th battalion and other special forces were planning further "stand-off bombardments" on military bases and soft targets in the Ovambo war zone as well as attacks on larger towns and residential areas deeper into Namibia.

News of the latest preventative action against Swapo forces comes three months after the inauguration in Windhoek of a new "Government of national unity." This is a six-party coalition to which Pretorie transferred limited powers of internal self-rule on June 17 in defiance of international pressure for the creation of an independent Namibie under the terms of UN Resolution 435 which calls for UN-supervised elections.

Swapo refused to take part in what Pretoria calls "an interim government" and vowed to continue the armed struggle. Pretoria continues to hold the door open for Swapo participation in a future coalition government, however, and hopes that continuing military pressure on Swapo's armed forces will eventually persuade Swapo to drop its UN-backed claim to be the sole anthentic representative of the Namibian people.

Israeli economy 'improvement'

BY WALTER ELLIS IN TEL AVIV

DR EMANUEL SHARON, director general of the Israeli Treasury, said yesterday that there had been a distinct improvement in Israel's economic performance since the start of the statutory wages and prices freeze in July.

The freeze ends in two weeks' time, and the National Unity Government of Mr Shimon Peres has yet to agree a clear strategy for the high-risk period to follow.

According to Dr Sharon, there is no suppressed inflation in the system: nor does he see any reason for inflation to flare again in the next financial year. If true, this is good news for the Government, which is concerned to keep the lid on prices

Last month's inflation rate was down to just 3.9 per cent, compared with 16.5 per cent in August, 1984, and the cumulative rise for 1985 is now 159.5 per cent.

The International Monetary Fund agreed that Israel was taking its initial steps towards economic recovery, Dr Sharon said, but it was recommending more drastic budgetary cuts.

Mr Yitzhak Moda'i, leader of the right-wing Liberal Party and Finance Ministry in the Unity Government, has been struggling to persuade his colleagues of the need to maintain economic austerity beyond the present freeze, but has met with only partial success. In particular, he has been forced to abandon his plan for continuing controls on wages after October 1 and to accept instead a trade union guartneed of restraint until next April.

Dr Sharon said yesterday that he did not believe Israel would suffer in the months ahead from balance of payments or foreign currency reserve problems, but he did forecast difficulties in the areas of prices and the budget.

Unemployment, he said, would not be the subject of special measures. However, the Finance Ministry was looking into the establishment of fresh incentives for jobs

Mr Moda'i: need to maintain austerity

Airlines want Air India crash investigation speeded up

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines, with a fleet of about 640 Boeing 747 Jumbo jets in service, want to see faster progress in the investigation into the accident to the Air-India Jumbo which crashed into the sea off Ireland on June 23, with the loss of all 329 on board.

Mr Gunter Eser, director general of the International Air Transport Association, which represents 140 world airlines, says that in view of the recent series of accidents to commercial airliners, the airlines had already put in hand steps to improve air safety where the causes of accidents were apparent.

But "the critical exception" is the loss of the Air-India aircraft on June 23.

"The airlines stand ready to implement any necessary action in this regard, but first they have to know the likely cause of the accident.

"The current uncertainty must be cleared up urgently, if necessary by bringing up as much of the wreckage as possible from the sea-bed so that the investigation can be finalised," said Mr Eser.

The investigation into the Air-India accident is in the hands of the Indian authorities. A small amount of wreckage has been recovered, together with the flight data recorder and cockpit voice recorder, which have been decoded and played back by the UK's Accidents Investigation Branch of the Department of Transport

So far, no decision to recover more wreckage has been taken, and no preliminary indication of possible causes of the crash has been given.

The theories posed so far, but not proved, included possible sabotage with a bomb on board, and also explosive decompression stemming from fatigue failure.

● An Indian court of inquiry established a panel of experts yesterday to study the feasibility of salvaging more of the wreckage of the Air India jumbo crash, AP reports from New Delhi. Formal hearings begin October 30.

John Elliot examines the economic and social factors behind tension in the Punjab

'Green revolution' helps breed Sikh unrest

BEHIND THE killings and Sikh fanaticism of India's northern state of Punjab lie the economic and social strains of a developing nation which faces widening gaps between rich and poor, and the unsatisfied ambitions of newly-educated communities.

Jealousies and tensions between the 100m-200m people who share directly in India's growing affluence and the rest of the 730m left behind, often load to communal tensions.

In Punjab, India's most prosperous state with a GDP of almost twice the national average, these problems have arisen in the richly fertile, green rural areas. Punjab supplies some 80 per cent of India's wheat and nearly 50 per cent of its rice, even though it has only 1.5 per cent of the country's land area.

Punjab's "green revolution" of the past decade, however, has reached a plateau; industrialisation has been hit by the proximity of India's tense border with Pakistan and by the violent Sikh unrest of the past three years.

The gap between the top 10 per cent of Punjab's 1.6m agricultural families has widened and the Sikh's agricultural Jat caste that has spearheaded the agricultural success, has become more ambitious. (Assertions that Sikhs, unlike India's majority Hindus, have no caste system are a myth.)

Educated Sikh youths no longer want to follow their parents on to the land, which is mainly worked by more than 500,000 poor Hindu migrant labourers from the nearby states of Bihar and Utter Pradesh.

"They do not want to dirty their hands with agriculture and, as Punjabis and Sikhs, are less patient with their lot than many other communities in India," says a senior civil servant in the capital city of Chandigarh.

Mr Gandhi: Punjabis should "vote fearlessly"

India's Prime Minister, Mr Rajiv Gandhi, yesterday toured trouble areas of the northern Indian state of Punjab including the district of Amritsar to boost his Congress(I) Party's campaign in state and national elections which take place on September 25, John Elliott reports.

Travelling by helicopter and heavily protected by commandos, he campaigned on the basis of the accord on the Punjab which he reached last month with Sant Harchand Singh Longowal, leader of the Sikhs' Akali Dal Party who was then assassinated. Mr Gandhi appealed to people to "vote fearlessly" in the coming elections.

Sikh militants and extremists have been trying to disrupt the election campaign, which started a week ago, but there have been no widespread outbreaks of violence so far.

The state's Hindu and Sikh populations are visibly tired of the violence of the past three years. There is a widespread belief that the best chance of stability would be provided if Akali Dal won, not Congress(I).

There are an estimated 100,000 unemployed graduates in Punjab's 16.8m population and at least as many again unemployed with other educational qualifications. Such people are easy pickings for charismatic extremist Sikh religious leaders such as Sant Jarnail Singh Bhindranwale, the leading militant who was killed when the army took over the Sikh's Golden Temple in Amritsar last year.

"A graduate who goes back to his village because he cannot find work in a town is grumbled at by his family and taunted for his failure by other villagers. So what does he do? He becomes a smuggler or a terrorist," says Mr Jagdish Singh, a Sikh headmaster of a 2,000-pupil school in Amritsar.

Many go across the border into Pakistan. They either flee from oppressive security forces, who regard any Sikh youth as a terrorist suspect, or go because they will receive armed training from Pakistan.

"An 'A' class student with 80 per cent marks, a possible medical student, was caught going to Pakistan for training. We are trying to persuade him that lots of people can become terrorists but with his abilities he ought to be a doctor or an engineer," says Mr Dilbir Singh, a Sikh educationalist and businessman in Amritsar.

The youngsters, using smuggling routes, cross marshland alongside tributories of the River Indus that mark the border. They can usually avoid armed sentries in 40 ft-high steel and wooden watch towers, spaced 1 km apart along the border.

Whether Pakistan actively encourages such visitors is a matter of growing diplomatic controversy. No ooe in the Punjab seems to have any doubt that young men cross and return with guns, sometimes coming back through more remote areas to the south in the Indian states of Rajathan and Gujarat. Even the Punjab border, which is not easy to police, is criss-crossed with tracks and paths. Goats and buffalo graze and fields are cultivated with rice, wheat and cauliflower up to the sentry posts.

Such cultivation is typical of the intensity and spread of agriculture in Punjab, where wheat production has risen from 1.7m tonnes a year in 1960-61 to 10m tonnes last year. Rice has increased from 230,000 tonnes to 5m tonnes in the same period. Now there is a glut of wheat. Crops are stored in the open, mainly because of poor distribution to the rest of India and inadequate national planning.

Industrialists are not keen to invest, despite the area's thriving small businesses, mainly Hindu, in textiles, engineering and sports goods and new electronics companies. Last year, businesses were hit by banks, which cut off credit and suppliers switching orders. Buyers rarely risk travelling to such a troubled area and a few companies have moved out.

Business has also been lost in *Jullundur*, where a sports goods export industry was developed after independence in 1947, by Hindus who had been based in Sialkot, now just across the Pakistan border. The biggest company, P. C. Sondhi, which makes brand name goods such as Slazenger, Mitre and Stuart Surridge, kept its £2m a year orders flowing, partly by allowing a month extra for disturbances in every year's production schedules.

It will be difficult to persuade many businessmen to invest in the Punjab: there is still too much communal tension and a deep rift between Hindus and Sikhs.

"When Sikhs and Hindus sit down together they talk about the weather. When they are apart they talk communal hatred," says Mr Dilbir Singh. The situation, he says, has improved slightly since the accord struck last month by Mr Gandhi and the late Sikh leader Sant Harchand Singh Longowal, which lies behind these elections.

Mr S. Singh Bal, vice-chancellor of Amritsar's Guru Nanak University, says: "There is no long history of Hindus fighting Sikhs or Sikhs fighting Hindus (though plenty of history of Sikhs fighting Moslems) so this trouble is bound to disappear sooner or later. But, speaking as a historian, I think there may be fitful killings for two or three years more."

Morocco to get SDR315m IMF loan

By Francis Ghiles

THE International Monetary Fund has agreed to extend a new SDR 315m (£239m) loan to the Kingdom of Morocco. This will replace a previous facility which expired last March and will run until February 1987, six months longer than the last one.

The agreement, signed in Washington yesterday, is made up of a standby facility worth SDR 200m and a compensatory financing facility of SDR 115m. The agreement clears the way for the rescheduling of part of Morocco's foreign bank debt, which was unofficially concluded this summer after two years of often arduous negotiations.

A steering committee of 10 banks, representing 200 international banks and which is headed by Banque Nationale de Paris and Citicorp hopes the IMF agreement may be signed next month.

Morocco's total foreign debt amounts to more than $13bn and the renewal of the IMF facility was held up earlier this summer by the insistence in Washington, that Morocco meet a certain number of targets, particularly over its trade deficit. This worsened last year, despite a 30 per cent surge in exports, because of a steep rise in imports of food and fuel.

The most recent measures taken to trim the budget deficit include the decision by the Government of Mr Mohamed Karim Lamrani to increase the price of flour, sugar and cooking oil, all very politically sensitive basic foodstuffs. Large increases in such prices led to fierce rioting in Casablanca in 1981, but this time there has been no trouble.

The new IMF facility will also allow Morocco to start negotiating with the Paris Club with which it reached agreement 21 months ago over the rescheduling of that part of its Government debt which fell due in 1983-84.

A meeting is scheduled today in Paris at which the Moroccan Minister of Finance, M Abdelatif Jovahri, will request that about $3bn worth of Moroccan government debt owed to Paris Club members be rescheduled over an 8-10 year period.

Since the kingdom started negotiating with the banks in September 1983 it has always paid interest on its debt, and has thus been able to ensure that short-term credit lines worth about $750m were maintained.

Once all these negotiations are completed, the Moroccan Government will be able to concentrate on implementing the many economic and financial reforms it has initiated since November 1983.

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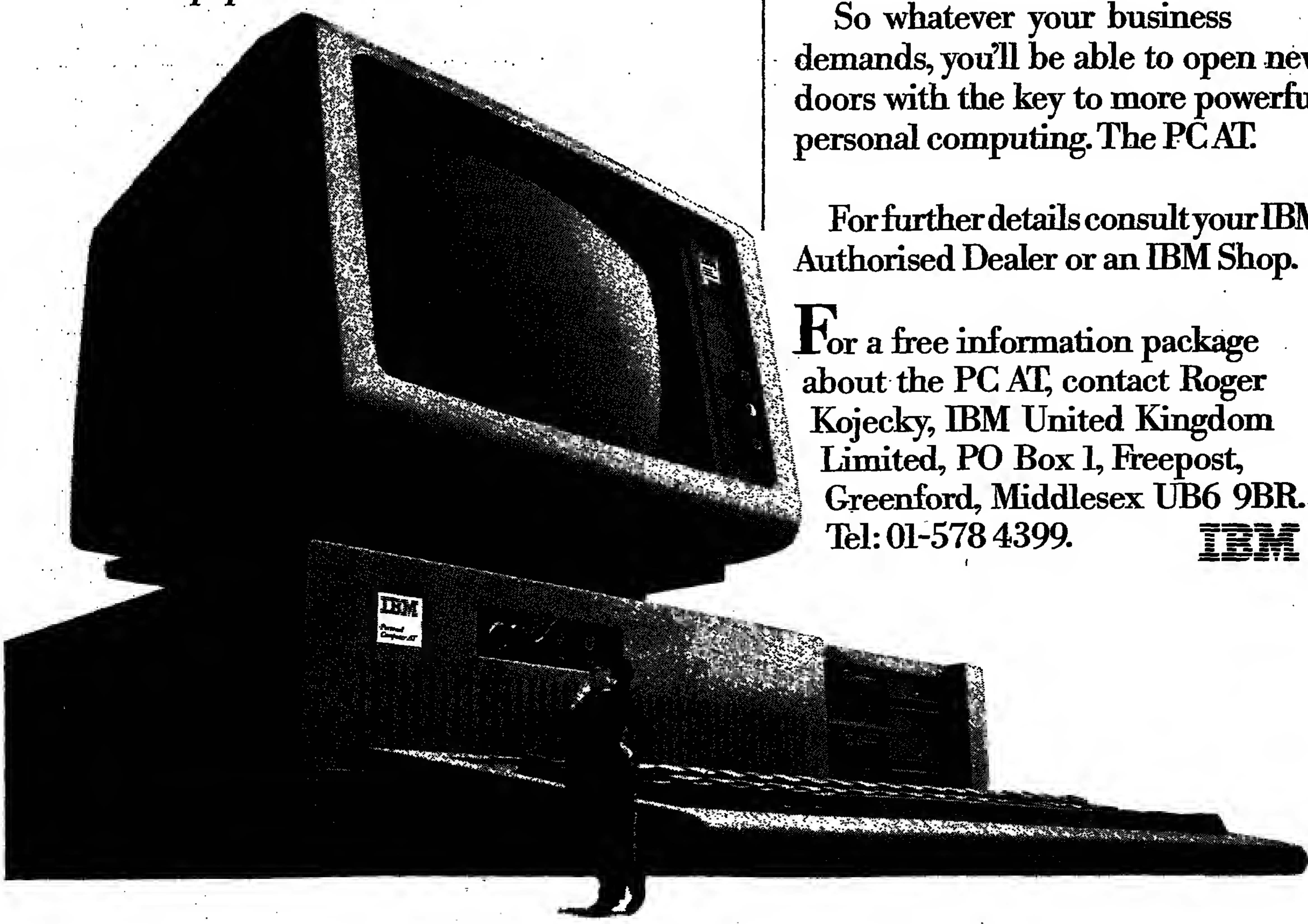


And with all that extra speed you can access a lot more information in a lot less time. The PC AT is available with a 20-megabyte fixed disk, or if your needs increase, you can add another 20-megabytes, giving enough storage to hold 20,000 type written pages. That's as much as some mini computers.

With so much vital information stored and processed, the PC AT comes with lock and key that lets you secure both data entry and retrieval without closing down the system.

So whatever your business demands, you'll be able to open new doors with the key to more powerful personal computing. The PC AT.

For further details consult your IBM Authorised Dealer or an IBM Shop.

For a free information package about the PC AT, contact Roger Kojecky, IBM United Kingdom Limited, PO Box 1, Freepost, Greenford, Middlesex UB6 9BR. Tel: 01-578 4399.

IBM

Stewart Fleming reports on why economists are hedging bets on performance predictions

Growth outlook is anybody's guess

AS President Ronald Reagan grapples with Congress over the nation's legislative priorities in the run up to next year's mid-term elections, the sluggish performance of the U.S. economy has been in danger of becoming another factor eroding his political prestige.

The economy has spluttered along for a year, caught in a no man's land between growth and stagnation. The first six months of 1985 saw a real rate *of expansion* at an *annual rate* of only 1.1 per cent. Only the Administration, it seems, is expecting a big improvement in the second half of 1985; the outlook for 1986 is so opaque that forecasters are predicting anything from another boom year like 1984 to outright recession.

An embattled White House, in full retreat on its South African policies and struggling to find a firm footing from which to defend its free trade philosophy, has done a poor job hiding its anxiety about the economic outlook.

Two weeks ago, Mr Reagan seized on a single month's encouraging news about the jobs market to try to drum up some much needed optimism. August's fall in the unemployment rate from 7.3 per cent to 7 per cent and a vigorous gain of more than 300,000 in the number of people in jobs was hailed as a clear sign that the economy was "revving up."

On Friday, when sluggish industrial production data and retail sales numbers artificially inflated by promotional gimmicks called this judgment into question, the White House chose to ignore the evidence and have the President proclaim that the data was yet another testament to "the miraculous powers of private enterprise."

Another test of the Administration's economic forecast that growth will surge to an annual rate of 5 per cent in the second half of this year is due on Friday with the publication of the Commerce Department's "flash" forecast for the economy's performance in the second quarter.

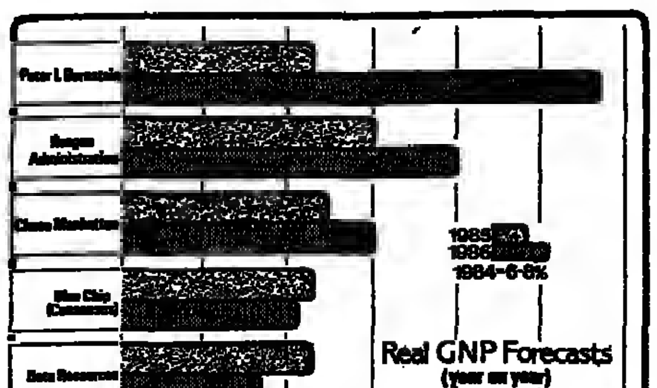
"The flash" is a statistic which many economists wish had never been invented, let alone released to the public.

As a recent article in a Morgan Guaranty publication points out: "it is prepared so early (before the end of a quarter) that it requires Government statisticians to make an unusually large number of assumptions about unknown data."

They have to estimate data which play a dominant role in defining the size of quarterly fluctuations in real growth. So the Commerce Department will have only one month's hard data on business inventories and one month's trade figures available when it publishes its "flash" for the third quarter.

Yet it is precisely these numbers which will be crucial to the final assessment of how the economy has performed relative to the second quarter.

As Morgan Guaranty puts it, the success of private forecasters in predicting the flash depends as much on their skill in guessing the assumptions made by Government economists about the data they do not have as it does on their ability to gauge current economic trends.



Private forecasters, judging from the Blue Chip survey of private economists, are not expecting the economy to expand at much more than 3 per cent in the third and fourth quarters of this year.

Even the optimists at the U.S. Chamber of Commerce who have often bravely outdone the Administration in their projections have cut their second half projection from 4-5 per cent to only 3 per cent.

Behind expectations of some acceleration from the first half lie hopes that the sharp fall in short-term interest rates engineered by the Federal Reserve since the end of 1984 will finally begin to have a positive impact on sectors of the economy sensitive to interest rates such as housebuilding.

Economists note that consumer demand has been strong throughout this year. In the first half, consumer spending rose at a real annual rate of 5 per cent, much faster than the 1.6 per cent annual rate of increase in disposable incomes. Economists who expect moderate growth of around 3 per cent assume that this trend will continue (there is no sign of consumers pulling in their horns at present) and that rather less domestic demand will leak overseas in the form of a further deterioration in the foreign trade sector. Even just stabilisation in the trade accounts would help at this stage.

The sudden and unexpected improvement in the trade deficit in July bolsters such hopes, although it is flimsy evidence on which to build assumptions that the U.S. can look forward to trade deficits of not much more than $10bn a month until the end of the year.

There are also hopes that inventory rebuilding in industry will boost second-half output following retrenchment earlier in the year. Capital spending, while weakening (if the latest Commerce Department survey is anything to go by), is not collapsing.

However, merely citing these positive factors helps to underline just how delicately poised the U.S. economy is and to explain why reputable economists can still be in such disagreement about the outlook for 1986.

If consumers were to rein in their spending levels to nearer the levels of their income growth perhaps because they also became concerned about the high level of debt they have been taking on, this would have a big impact on the economy's performance. Some economists maintain that business is already watching warily, prepared if necessary to cut capital spending back quickly if the economic climate cools.

Such uncertainty is all the more *striking because it is* apparent at a time when most of the normal early warning signs of imminent economic slowdown are absent. Inflation remains subdued at around the 4 per cent level, capacity utilisation in industry is a low 80 per cent, and there still seems to be some slack in the job market nationally. Clearly the current economic cycle is a most unusual one.

The characteristics which make it unusual help to account for the wide divergency among forecasters. Real interest rates, particularly long-term rates, are extraordinarily high. What does this mean for an economy now three years into its cyclical economic recovery?

The dollar is *still strong* on the foreign exchanges, as high today as it was on average in 1984. Will it fall? If it does will it decline in an orderly way or collapse? How will the Federal Reserve respond to the dollar's decline, aware as it is that a decline will help the trade balance (*with* a delay) but that too rapid a slump could trigger inflation and put upward pressure on U.S. interest rates.

With protectionist storms brewing on Capitol Hill, the farming industry facing another severe shakeout and the financial sector nervous about some *of its domestic and Third World* loans, it is perhaps no surprise that the stock market as well as private economists are hedging their bets about what 1986 will bring.

US ECONOMIC DIARY

Foreign investment in U.S. continues to recover

BY TERRY DODSWORTH IN NEW YORK

THE NUMBER of foreign investments in U.S. *manufacturing* jumped by 16 per cent last year, mainly as a result of a large increase in Japanese commitments to the market.

According to a report by Mr David Baner of the Conference Board, the New York-based business information organisation, total foreign investment activity rose to 325 units last year, an increase from 280 in 1983 and 271 in 1982. This figure was well below the peak of 434 reached in 1979, but continues the upward trend re-established in 1982 after three years of decline.

*The Conference Board statis*tics measure the number of individual investment decisions rather than the flow of investment funds. According to Commerce Department figures, the value of all foreign investment in the U.S. stood at $160bn (£119bn) at the end of last year, about 17 per cent more than the previous year, with manufacturing accounting for only 35 per cent of the total against 40 per cent in 1980.

The increase in the overall value of foreign investments is also reflected in the figures on manufacturing, where the size of new commitments has *continued to grow.*

Mr Baner says that the purchase of only five U.S. companies last year almost equalled the total value of all the more *numerous* manufacturing investments in the U.S. in 1979. Four of these acquisitions were made by European companies — the $1bn paid by BASF of Germany for Inmont, the $3.4bn acquisition of Carnation and CooperVision by Nestle of Switzerland, and the purchase of Beatrice's chemical business by ICI. The fifth large acquisition was Scovil by First City Industries of Canada.

U.S. corporations. Last year around 80 per cent of their new commitments involved construction projects, against only 60 per cent for all other foreign

Investment by developing countries remained relatively small last year, but now includes the Taiwanese company, Formosa Plastics, and three South Korean groups, Gold Star, Hyundai and Samsung.

The most outstanding feature of foreign activity last year was the extremely rapid build-up of Japanese investments, which for the first time outnumbered those from any other country—and by a substantial margin.

Japanese companies accounted for 87 of the investments, followed by 56 from the UK, 46 from West Germany (the leading investor back in the record year of 1979), and 33 by Canada. France had 22 investments and the Netherlands 14.

Current account deficit hit by poor trade figures

BY STEWART FLEMING IN WASHINGTON

THE U.S. current account deficit rose to $31.8bn (£23.7bn) in the second quarter as an increasing merchandise trade deficit was partly offset by an increase in net service income.

The trade deficit, which is expected to hit a new record in 1985 totalled $33bn in the second quarter, up from $29.5bn in the first quarter. A $2.5bn fall in exports, particularly agricultural shipments which declined for the second consecutive quarter, coupled with a $1bn rise in imports to $86.2bn accounted for the rise in the trade deficit.

The rapidly deteriorating trade balance has helped to stir up protectionist fever on Capitol Hill. President Ronald Reagan is expected to make a major speech on the Administration's trade policy next week, defending its free trade philosophy while outlining new initiatives aimed at countering "unfair" trade practices abroad.

As part of this initiative, the Administration is reportedly examining the possibility of *major changes in anti-trust laws* aimed, in part, at making it easier for companies threatened with foreign competition to merge.

The latest current account data underscores continuing U.S. dependence on capital inflows to finance the domestic economy. Net capital inflows totalled $25.79bn in the second quarter compared with $13.71bn in the first.

The net inflow of official foreign assets was $8.15bn, while the net inflow of private capital fell from $24.9bn in the first quarter to $17.6bn

ICC warns against isolation of South Africa

BY CHRISTIAN TYLER, TRADE EDITOR

WITHDRAWAL BY *multi*national companies from South Africa would "weaken the pressures for change and would probably lead to development of a siege economy," the International Chamber of Commerce argued yesterday.

Claiming to represent the views of 7,000 companies and employer organisations worldwide, ICC delegates told a United Nations panel in New York that disinvestment could mean the black community "losing some of the gains it has recently won."

"The isolation of South Africa through the disengagement of international business would damage the economic prospects and encourage destabilisation, not only of South Africa itself, but also of the neighbouring states."

At the same time the ICC said it opposed the South *African system of apartheid* and believed it should be "abolished as quickly as possible."

The ICC's paper had been drafted by a working paper of about six members from developed countries, including South Africa, chaired by Mrs Doreen Wedderburn.

An 11-member UN panel was yesterday beginning three days of hearings on the role of multinationals in South Africa. None of the 1,068 companies identified as investors has agreed to appear before the panel although 50 companies have sent written evidence.

● President Samora Machel of Mozambique, who left Maputo for Washington yesterday, is due to meet President Reagan on Thursday. It is Mr Machel's first visit to the U.S. since Mozambique's independence in 1975.

Garcia sacks army chief

BY DOREEN GILLESPIE IN LIMA

PRESIDENT Alan Garcia sacked the chief of the joint staff of the armed forces, Gen Cesar Enrico Praelli and announced that three army officers would stand trial for the death of seven people discovered in a clandestine grave last week.

The discovery was made at Pucayacu in the Ayacucho area, the centre of the anti-subversive campaign against "Shining Path" guerrillas for the past three years.

The decision to accept Gen Praelli's resignation was made in a 7½-hour Cabinet meeting on Sunday night during which the armed forces presented a report on the deaths.

President Garcia had demanded a public explanation from the armed forces on the discovery of the graves.

Jobs—new fears in the industrial heartland

Ian Rodger examines the reasons for the latest rash of redundancies

AN OUTBREAK of redundancy announcements in recent weeks has raised fears about the health of the manufacturing heartland.

Davy McKee, the engineering contractor, has called for 300 to go from its Sheffield factory. *CompAir*, the compressor-maker, has announced 500 redundancies at its Cornwall plant. Raleigh bicycle group has said another 220 will be shed from its troubled Nottingham factory.

Do these and other similar *announcements* indicate a slump in manufacturing is on the way? Are companies losing ground again to foreign competitors?

Or are these redundancies just part of the continuing process of making industry leaner and fitter, with some companies perhaps realising rather late in the day that they must become much more efficient *if they* are to *survive*?

All of these and some other explanations apply, depending on the sector or company involved. The main cause, however, still appears to be the drive by manufacturers to maintain and if possible improve competitiveness.

The bad news as far as jobs are concerned is that this drive is likely to continue indefinitely. Competition from manufacturers in various overseas countries will not go away, while new manufacturing technologies will enable companies to improve productivity through automation. Thus even the most successful manufacturers can be expected to continue shedding labour.

In his Budget last year the Chancellor, Mr Nigel Lawson, hoped that by reducing capital allowances he might shift the bias away from labour-saving investment towards investment which might create jobs. Even if this has happened in some instances, it is certainly not changing the downward trend of employment in manufacturing.

Mr Denis Allport, chairman of Metal Box, the packaging group that has restructured in the past year, leaves no doubt about the group's thrust:

"If more productive methods develop, we will have to go for them. That may mean fewer employees. If we did not make things in the most efficient way, we would not sell them."

The good news is that Metal Box and many other UK manu*facturers* are investing heavily in improving products and processes, often with dramatic results. MB has invested £285m in the past five years, 30 per cent more than its depreciation allowances.

Its return on capital has doubled from 11.4 per cent in 1981 to 22.5 per cent last year. In spite of a flat sales trend MB's sales per employee have more *than* doubled *over* the same period. Similar improvements can be found across industry.

The remaining worry, however, is that not enough investment or rationalisation is happening to prevent the *decline of some key sectors*. The latest forecasts from the Confederation of British Industry call for the economy to grow by 2.8 per cent next year but manufacturing output to rise by 1.5 per cent only.

The Engineering Employers Federation foresees a flat outlook at best for mechanical engineering sectors. This suggests the shakeout here will continue.

Worse, the two-year boom in capital spending by manufacturing companies is widely forecast to end this year. The *EEF*, for example, believes fixed investment by manufacturing companies will fall 1.5 per cent next year, even though the current level of capital spending is still well below the 1979 peak levels.

Also, the *growth* in productivity in industry, which was so rapid in the early 1980s because of the massive labour shakeout, has slowed considerably. The confederation is looking for a 3.5 per cent rise this year and 3 per cent next year compared with a 5 per cent last year.

The latest rash of redundancies in manufacturing industry can be categorised in five groups:

● *The traditional nationalised* industries dealing with a heritage of gross overmanning. The National Coal Board's workforce has plunged by a net 18,400 in the past year. British Shipbuilders and British Steel, which are much further along in the drive to becoming normal commercial businesses, have shed another 13,000 between them.

Elsewhere among nationalised manufacturers British Rail *En*gineering announced 4,800 redundancies last spring and Royal Ordnance is dropping nearly 2,000 as it preens for privatisation.

● Some companies appear to have slow to respond to the tougher trading climate of the 1980s. While most manufacturers went through a major labour shakeout in 1981 and 1982, others thought they could ride out the recession. Many are now trying to conduct urgent surgery before it is too late.

Family controlled Gestetner has long been criticised for slowness in cutting costs and responding to the challenge of low-cost copiers in its traditional markets. Early this year, however, it closed most of its North London factory with the *loss* of 500 jobs.

Drastic moves often occur after a change in management or ownership. The recently announced reduction of the CompAir workforce at Camborne, Cornwall, from 807 to 310, for example, came only a few weeks after Siebe Gorman group bought it from I.C. Gas.

The redundancies were presented as the only alternative to plant closure. Mr Vernon Cobb, *Siebe secretary, said the* plant was still making losses in spite of an investment programme and was not viable.

The Ferguson division of Thorn-EMI was reorganised in July with the loss of 1,000 jobs following boardroom changes. A few days later Sheffield Forgemasters, which had just brought in a new managing director, announced 520 redundancies.

● *In a couple of large sectors*, mainly oil-refining, companies decided on major surgery in the past year in response to long-term negative trends—overcapacity and falling demand for fuel oils.


Denis Allport of Metal Box: "Productive methods may mean fewer employees"

Shell closed its Teesport refinery and rationalised another at Stanlow, with combined job-losses of about 1,000. BP *closed* its refinery at Llandarcy, West Glamorgan, with the loss of 750 jobs. BP *Chemicals* closed a *Bakelite* moulding materials plant in Jannery, eliminating another 350 jobs.

> ‘The main cause still appears to be the drive by producers to be competitive’

The electricals sector is something of a special case. The *electrical engineering industry* remains the leading growth sector in UK manufacturing. Output was up 14 per cent last year and forecasts show continued strong growth in the next few years.

Some main UK companies, however, General Electric, and STC, have had a difficult time in the past year and have been closing factories and cutting workforces.

Their problems stemmed in part from the efforts of their principal customers, British Telecom and the military, to become more cost-conscious in purchasing policies.

GEC, which has announced closure of two electronics factories in the past week, acknowledged there was a colder wind in the air and that this was causing it to have a sharper look at operations.

STC has cut 2,700 jobs in the past nine months and Plessey *nearly 1,700 in the past year.*

● There are also a few cases of companies abandoning businesses. In the past year Cape *Industries abandoned the* fibre-insulation business, Metal Box left flexible packaging, Philips stopped making washing-machines in Britain and Manchester Steel gave up the steel industry.

● By far the most redundancies, however, comes from companies cutting labour as part of rationalisation schemes aimed at improving competitiveness.

These may arise following takeovers, such as *J.I.* Case's acquisition of International Harvester or Grove Cranes's acquisition of Coles Cranes. Both caused several hundred redundancies in the past year.

Many other companies constantly work on investment projects to make processes more efficient or improve products. These usually involve labour cuts.

BICC, for example, announced *closure of an old cable factory* at Prescot, Merseyside, last December with the loss of 430 jobs but simultaneously launched a £19m investment in a new factory to make optical-fibre cable.

Birmid Qualcast is closing the *C. & B.* Smith *foundry* at *Wed*nesbury, West Midlands, but is also accelerating a modernisation plan at its Derby foundry.

Guinness closed two metal bottling and canning factories in Liverpool this year, transferring work to a new, highly-*automated £4.5m plant.*

Others have had to make redundancies simply because markets have turned sour or important prospective contracts have not materialised.

Raleigh has had management problems in the past year but its *latest* redundancies *were* mainly due to the negative effects of the cold summer on bicycle sales.

Davy McKee was hoping its refurbishment of British Steel's hot strip mill at Port Talbot would lead to other similar contracts abroad but it has been unsuccessful in a couple of bids and last week announced 300 of the 1,500 workers at its Sheffield plant would have to go.

Davy *was* at pains to say it was not backing away from any of its businesses or from world markets.

Whatever the reasons for the redundancies given in each case there is no doubt there has been a sudden surge of announcements in recent weeks.

One analyst suggested it was perhaps more valid to observe the paucity of announcements in the previous few months. Perhaps managers had been postponing redundancy decisions in the hope that the rapid growth of the first quarter would continue

Now that the balance *of* managerial opinion—as reflected in the confederation's monthly trends enquiry—seems to have settled on the view that there will be little or no growth in the next year or so, rationalisation decisions have followed fairly quickly.

There is also the possibility that for political reasons the *flow of redundancies* may soon even increase. Industrialists have noticed that the next General Election is not far away.

They could reasonably conclude that their freedom to eliminate jobs might be eroded if the Conservatives were defeated, and so they might decide to take advantage of the opportunity to make needed cuts while it is still there.

The main impetus for eliminating labour in industry will, however, continue to come from the drive to improve productivity.

Mr John Wilkinson, managing director of Esab, the welding-equipment and supplies group, *says the group has cut its work*force by 80 per cent in the past five years and is investing heavily in more efficient equipment. "But there are still some areas of the business where sales per employee are far too low."

Mike Hoffman, managing director of Babcock International, says: "As you invest, you have to get the numbers down. The growth rate is not phenomenal these days, so one way to increase productivity is through redundancies."

Many companies now make investment proposals contingent upon agreement on workforce cuts. Last week British Alcan said it would invest £10m at its Rogerstone rolling mill, South Wales, provided unions agreed to more flexible working practices and a phased cut of 200 jobs.

To some, the process of improving products and productivity by eliminating labour may seem self-defeating. Manufacturers, however, now believe their main role is to create value, while leaving most of the problem of creating employment to others.

As Mr Allport of Metal Box says: "*As* a country we can only create employment if we create more wealth."

Company Notices

RAND MINES GROUP

NOTICE IS HEREBY GIVEN that the annual general meetings of the undermentioned companies will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company (both of which are incorporated in the Republic of South Africa)	Date of Meeting	Time of Meeting	Closure dates of Registers of Members (inclusive)
Blyvooruitzicht Gold Mining Company, Limited	18th October 1985	12h00	12th to 18th October 1985
Harmony Gold Mining Company, Limited	*18th October 1985*	11h00	12th to 18th October 1985

Registered Office:
15th Floor, 63 Fox Street,
Johannesburg 2001,
P.O. Box 62370
Marshalltown 2107.
6th September, 1985

By order of the Boards
V. M. MURTON
Administrative Manager and Secretary

To the Holders of

NIPPON SUISAN KAISHA, LTD.

U.S.$30,000,000 3¼% Convertible Bonds 1995

NOTICE OF FREE DISTRIBUTION OF SHARES
AND
ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 of the Trust Deed dated August 30, 1985 under which U.S.$30,000,000 3¼% Convertible Bonds 1995 were issued, you are hereby notified that a *free distribution* of Shares of our Company at the rate of 0.08 share for each one share will be made to the shareholders of record as of 15:00 hours (Japan Time) September 30, 1985.

As a result of such distribution, the Conversion Price at which Shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5(C) of the Bonds, from 408 Japanese Yen to 377.80 Japanese Yen, effective October 1, 1985.

NIPPON SUISAN KAISHA, LTD.

Dated: September 17, 1985

TECHNOLOGY

EDITED BY ALAN CANE

Texas aid to developing artificial intelligence

TEXAS INSTRUMENTS, the U.S.-based semiconductor and computing company, has introdnced a processor for single user "symbolic" processing, with e starting price of £52,495.

Known as Explorer, the compnter is intended for the development of artificial intelligence systems and has been derived from technology licensed to the company by the Massachusetts Institute of Technology and LISP Machine Corporation.

Symbolic processing is the cornerstone of artificial intelligence (AI) systems. Instead of, say, "crunching" numbers, or processing text, AI systems work in terms of "symbols," which are nbjects, concepts, properties, or relationships representing and manipulating knowledge and ioformation encoded in the same way that humans think.

Symbolic processing addresses unstructured problems and the interpretation of information. It uses "rules of thumb" and might deal with uncertain or incomplete information.

Such processing needs e powerful machine and mnch memory if the tasks are not to take an inordinate time. The Explorer entry-level system includes a LISP processor, two megabytes of "chip" memory, display, keyboard and mouse, and Winchester mass storage of 140 megabytes. Also incinded is a LISP software licence and e tape back-up store.

Texas is no novice in the AI hardware area. It recently concluded a multi-million dollar contract to develop a very large scale integrated (VLSI) chip for the DARPA, the U.S. defence agency.

Plessey prepares to launch a chip which tests itself

Plessey's Prof. William Gosling set out to solve the problem of testing today's dauntingly complex chips, reports David Fishlock

Prof William Gosling

A SILICON chip which can test itself fully throughout its life will be in production before the end of the year, claims Professor William Gosling, technical director of Plessey.

The self-testing chip — the world's first, he believes — is the nutcome of a research programme Prof. Gosling initiated and persuaded the Plessey board to approve shortly after arriving from Bath University in 1982. It began in a small way but will this year cost nearly £1m — all paid for by Plessey.

The chip bas a built-in test circuit designed to explore every possible fault — including any in interconnections — at the chip's full operating speed. At this stage of development it occupies 20 per cent of the total circuit area but its designers predict this will fall to 5 per cent with increasingly large-scale integration.

When he left academic life, Prof. Gosling brought e vital message to Plessey, makers of custom-desigoed chips, about the so-called "silicon crisis." The problem was not how to desigo and make integrated circuits with sub-micron characteristics — line widths finer than one micron — as was widely believed. "Anyone prepared to make the investment can already make one-micron silicon," he says.

As Prof. Gosling saw it, the real crisis in silicon was bow to test chips that are becoming dauntingly complex, highly-integrated systems incorporating buge amounts of logic. Already there are chips being sold which are less than 100 per cent tested. Testing complex chips fully can be as costly as the entire production cycle.

To tackle the problem, be fused activities at two research centres: Caswell near Towcester in Northamptonshire, run by Prof. John Bass, Plessey's researcb director, which specialises in semi-conducting materials and devices; and his own base Roke Manor near Southampton. Roke Manor, formerly a systems research centre specialising in electronic warfare, has provided the system's thinking and *software engineering* for the self-testing chip.

The aim of the new silicon engineering group is to span the present void between design and engineering of integrated circuits, says Dr John Laycock, its research manager. His group has rethought the relationship. It has come up with a new one, in which the chip designer works with e few sub-systems instead of the myriad individual "bricks" — transistors, gates, memory cells, etc—from which be builds his integrated circuit today.

They call it "deaign methodology incorporating self-test"—DEMIST. It requires only three kinds of sub-system, called structured building blocks (SBBs). With permntations of these three SBBs, the chip designer can capture all aspects of an integrated circuit, including the facility to test itself completely, and to go on asking "are you still working?" throughout the life of the chip.

The three SBBs are e logic unit, e memory unit, and an arithmetic unit. These blocks interface directly with each other without need for any extra components as "glue." The same principles apply in the case of another semiconductor such as gallium arsenide, the scientists say.

At Roke Manor they have set up the software tools needed to design such a circuit, which they call their structured bardwara design environment (SHADE). With SHADE they can take an otherwise complete chip design and rework it to provide the self-testing feature. Alternatively, a designer can use SHADE to design a new self-testing circuit from scratch, entirely from SBBs.

The extra chip area needed to make a typical 10,000-gate chip self-testing is no greater than 20 per cent, they claim. When designers reach 50,000-gate chips, this area will fall to abont 5 per cent. They claim there is no size of chip design they foresee which could not be tested automatically in this way.

Plessey has applied for patents on key featores of the SBB design concept and the self-testing circuit. The self-testing circuit itself starts with a German concept called Bilbo, to which three extra operating modes have been added. Caswell has designed a demonstration self-testing chip which it expects to be making this autumn. It is a signal processing chip "of fairly general purpose—not a toy," says Prof Gosling.

Plessey is debating tha best way of exploiting what it believes is a world lead. Inside the company, designers are already clamouring to use the SHADE facility, with Plessey Marine in the vanguard to use it to build the first self-testing electronic system. But should the company desigo circuits for others to use?

Defence electronics is the most obvious target, for complexity accounts for the very high cost of field support for the armed services. Dr Laycock says the in-service cost of *maintaining British service equipment* can be three times the initial cost. But Plessey believes the Ministry of Defence is unlikely to accept a single source for such an important innovation as self-testing.

Whatever Plessey's decision on exploitation, Prof Gosling is confident that his self-testing circuit is bound to make life very difficult for those who make antomated test equipment for chips.

The next big challenge for Plessey's silicon engineers is the chip that can repair any feults its finds. If the test circuit can pinpoint a fault, it should also be able to work out a way of bypassing the fault, provided enongh spare capacity bas also been designed into the chip.

Focusing on a more specialised market

Video & Film

BY JOHN CHITTOCK

THE WORLD total of videocassette recorders is nearing 100m, *but the billions of miles of* video-tape running through those VCRs will mean little to the industry unless it makes s scientific assessment of one vital component. Unpredictable, little understood, yet crucial, that component is the viewer.

As they approach a landmark in VCR penetration, programme makers, distributors, manufacturers, advertisers and even broadcasters keep trying to probe the minds of those users —accepting, perhaps the advice in an old management training aphorism: "Selling focuses on the needs of the seller, marketing on the needs of the buyer."

With the husiness now software-led, analysis of the customer is essential to successful forward planning, which is why there is no shortage of expensive reports surveying various parts of the market. For example, when *Esquire* magazine discovered from research in the U.S. that 50 per cent of young professionals in the 24- to 33-year age group owned VCRs, it prompted them to plan a programme series tailored for this market. Titles in the so-called "Success Series" reveal the infuence of such research on their programme targetting —Career Strategies, Short Order Gourmet, Professional Styles and Wine Adviser. Just the back-up needed for the proud, first-time holder of an American Express card.

Last week in London, National Video Corporation disclosed an even more specialised approach to the market with the publication of research into the world audience for opera and ballet. NVC's principal business is producing television and video programmes et leading opera bouses around the world —it has more than 40 productions in the can—and an accurate assessment of the size of this market is clearly important.

The study reckons that in the UK alone, the total, unduplicated audience for opera and ballet on TV is between 7m and 10m people. Other NVC research predicts the worldwide videocassette sales of each of its leading titles will total nearly 100,000 units in five years.

One trend which emerges from such research is that the future of video may start te rely more on specialised programming and less on the staple diet of feature films. The U.S. newsletter Video Marketing has recently publisbed its own estimate of the all-time top 100 selling videocassettes. At number one with 850,000 units—ahead of Raiders of the Lost Ark and Gone with the Wind—is a keep fit tape, the now famous Jane Fonda's Workout.

More modestly, the children's market is emerging as an attraction for distribntors, and various companies are producing material aimed at this most enthusiastic sector of the VCR-viewing public. In the UK, for example, Vestron Video is about to launch the Children's Video Library, closely tied in with marketing collectables such as computer games, greetings cards and soft toys.

It has been a popular belief that all VCR owners tend to be in the lower rather than higher socio-economic groups; bnt VCR ownership is now moving more up-market, as the evidence of Esquire and companies such as NVC tends to confirm.

A report from The Economist Intelligence Unit, Home Electronics: The UK Market, claims audio-visual equipmant, including VCRs and bome computers, takes up two-thirds of the average person's leisure time *and £5,300m of total spending* on entertainment. It is against this kind of background that the market for specialist video software begins to make business aense.

Snch is the confidence in this sector that the U.S. is to bave its own programme market devoted exclusively to home video programming. From next April, tha New York Home Video Market aims to bring programme suppliers and consumers togethar—one objective behind the recent Vidtel show in Birmingham.

One dilemma remains as the industry tries to come to terms with the needs of the video consumer. Rent or buy? The growin volume of video software turnover has been achieved mostly through the fast turnover of the rental market. But some regard rental as a messy business, difficult to control and less profitable than sales. Rental is strongly linked to the specialist video shop. In the U.S. nearly 85 per cent of video programme revenue is such outlets comes from rental, wbereas audio record stores take more than 66 per cent of their video revenne from sales.

Such statistics demonstrate differences in video viewing habits which the spread of specialist programmes may begin to sharpen. Rental appeals to the casual viewer who seeks ephemeral entertainmant and is unwilling to pay much for the pleasure. Purchase attracts the collector—the kind of customer more likely to patronise record shops. But until recently, the range of "collectable" programmes has been limited, often of poor quality, or simply submerged in the dazzle of Hollywood releases.

For example, it may surprise VCR owners who read the technology page regularly to learn that the BBCs outstanding Horizon series was listed in their consumer video catalogue more than five years ago, covering subjects ranging from astronomy to zoology.

It is the sheer size of the hardware market now that has revived interest in the specialist viewer. Who better than the Americans to exemplify this marketing discovery and how better than with the videocassette release of a series of sermons by Bishop Sheen? BBC Video has gone almost as far by making a compilation of *Songs of Praise* available on video.

If buyers come to outnumber renters one technological disappointment of recent years may at last fulfil its promise—the video disc. It is the perfect colector's medium, with higher quality than videotape, freedom from wear and—in volume runs—a potential for lower duplicating costs than videotape. It is also child-proof and cannot be erased.

The future for the consumer video disc could be redeemed through the really discriminating collectors—the barder-to-please who appreciate such qnalities. Maybe they are hiding—awaiting discovery by a market researcher—among the 60 per cent of TV bouseholds still without video of any kind.

Better way to control metal strip

DAVY McKEE, the British engineering contractor, and Sumitomo Metal Industries, have developed an improved system for controlling the flatness of steel or aluminium strip as it is being rolled.

The system, called Vidiplan-VC, combines the Vidiplan flatness control system developed by Davy McKee a few years ago and Sumitomo's VC roll can adjust flatness across the strip width whereas conventional roll bending infiuences mainly the edges of the strip.

Sumitomo and Davy have evaluated the system on a high speed foil mill in Japan and achieved an operating speed of 1,500 metres a minute.

Reversing brake pulls trucks up short

A DEVICE which can stop a laden commercial vehicle at normal reversing speed within three inches is being marketed by Avon, the tyres group. It can be fitted to the tail-end of a commercial vehicle in less than three hours, the company claims, and will operate on all commercial vehicles and trailers with air brakes or air-over-hydraulic systems.

Originally conceived by Fisher Westmoreland, the device has been developed by Avon, which has set up a specialist division to manufacture and market it worldwide.

It can operate only when the vehicle is in reverse gear; once applied, the brakes cannot be released until the driver takes the vehicle out of reverse.

Avon is on 02216 2911.

Design aid for engineers

A SUITE of computer programs for structural engineers which provides complete designs and quotations in minutes instead of weeks has been developed by John Reid and Sons of Christchurch, Dorset.

The company has spent a decade developing the programs. By using an optimisation system, it can check through a thousand nr more permutations and combinations to arrive et a structurally sound design.

Computers in the design and drawing nffice are linked to similar computers in the works which *automatically* drill, punch or crop steel members to an accuracy of 0.5 mm.

Reid is on 0202 48333.

WORLD TRADE NEWS

Britain may give California more time on unitary tax

BY CHRISTIAN TYLER, TRADE EDITOR

BRITAIN MAY not retaliate against California's controversial "unitary" taxation of UK companies, despite the failure of the atate legislature on Friday night to carry amending legislation.

Companiea leading the campaign for abolition of the system could decide to give the Californians another chance when their legislature reassembles in January.

They expect to meet Mr John Moore, UK Financial Secretary, and officials of the Inland Revenue over the next few days to discuss whether immediate retaliation would be helpful or harmful.

The reason for their caution is that the amending proposal has the support of both California chambers and of the two main parties. It failed this time for mainly local and technical reasons, according 1o British observers.

But poblic reaction in London to the failure was atrong. Mr Peter Welch, finance director of Fonseco Minsep, the special chemicals company, said British business had been "let down."

"It is 10 years since the British and American governments agreed to end this infamous tax, and it has since been a case of promises, promises all the way, but no delivery."

The Treasury spokesman said: "Obviously we regret tbe failure of the California legislation." The Government would be looking to the U.S. Administration to carry out its undertaking to take federal action if a solution is not found at state level.

The British Government has the power to retaliate against U.S. subsidiaries in Britain of companies in the six unitary tax states.

The House of Commons passed in July an enabling amendment to the 1985 Finance Act after the Government bowed to backbench and extra-parliamentary pressure.

Unitary taxation is a method of assessing the local operations of countrywide or multinational firms. They are assessed on a proportion of the group's total earnings, payroll or assets, instead of being treated as if they were separate — the conventional "arm's length" method.

The system, say critics, can lead tn higher bills, arbitrary accounting and buge compliance costs. Pioneered by California, its most important user, it was designed to prevent tax avoidance.

A number of states, including Florida, have repealed or amended their tax laws following the refusal of hig Japanese or European companies to place new investment in their atates.

The British retaliatory clause, whicb would be brought into effect by parliamentary order, allows the Government to atop American companies in unitary tax states claiming tax credlts for dividends paid by their UK subsidiaries.

Leyland's Thai bus contract threatened

By Boonsong K'Thana in Bangkok

LEYLAND BUS consortium's $422m package deal to revamp the loss-ridden Bangkok bus service is being threatened by a set of tough conditions proposed by two influential Thai Government agencies.

The conditions, as jointly proposed by the Finance Ministry and the National Economic and Social Development Board (the Thai planning miniatry) call for: a 20 per cent reduction in tbe size of the project, a risk-sharing mechanism requiring that the Leyland group be responsible for any future losses; a counter trade deal and the opening of the British market to Thai products.

Thai officiala said the conditions, are going to the Thai Cabinet for final approval. It is atiH uncertain when the Cabinet will discuss tbe proposals.

The state-run Bangkok Mass Transit Authority (BMTA) announced last June that it had chosen the group led by Leyland to supply 4,000 new buses and restructure the city'a public transport system.

Leyland, according to Thai officials, bas expressed opposition to the propoaals, particularly the reduction in the project'a size. A Leyland statement Issued in Bangkok said the reduction would not enable BMTA to repay its debts so quickly.

Thai authorities suggested that thereduction would help lessen the country's external debt burdens.

Leslie Colitt visits the Brno engineering fair in Czechoslovakia

West woos orders from Prague

ALL DAY, thousands of laughing and ahouting Czechoslovak children were lifted into the air by West German electric rope hoists, with their friends gleefully operating the electronic controls. This spectacular free ride in front of the Mannesmann-Demag pavilion at the Brno engioeering fair might have daunted conventional exhibilors.

Tbe West German company, however, thought differently. Apart from livening up the space in front of its pavilion and generating goodwill, the children of Brno are subjecting the equipment to a form of punisbment which the company believes will convince adult Czechs of its virtues.

Czecboslovaks do not need all that much convincing. West Germany is the country's leading Western trading partner, accounting for 28 per cent of Czechoslovak trade with OECD countries. Since Prague conducted 80.3 per cent of its trade with fellow Comecon countries in the first half of this year other Western countries were not left with much.

However, as Soviet oil prices stabilise, Czech officials suggest that the Western share in their trade sbould improve. Price rises for Soviet oil accounted for the biggest jump in Czechoslovak trade with Comecon in recent years.

The mild optimism expressed by West German companies at the Brno fair — West German businessmen are habitually pessimistic at East European trade fairs — is reflected in the latest trade statistics.

West German exports to Czechoslovakia rose 16.2 per cent in the first half of this year to DM 985m (£253.8m) while imports rose 4.6 per cent to DM 1.2bn. Engineering products were the leading West German export, advancing 24.1 per cent to DM 240m, while Czechoslovakia's modest sales of engineering products tn West Germany rose 38.6 per cent to DM 49.4m, according to German figures.

Czechoslovak statistics, however, teil a different story. West German exports to Czechoslovakia were said to have fallen 2 per cent while imports were down 3 per cent. This abberration whicb affects nearly 75 per cent of Czechoslovakia'a Western trading partners, is mainly because the authorities in Prague calculate a product's country of origin according to wbere payment originates. So imports from Switzerland largely comprise payments there In Swiss francs for third-country products.

Engineering goods make np half of Czechoslovakia's total exports, but they contribute only a small share to total sales in the West; coal, timber and other raw materials, as well as steel, are big hard currency earners.

Czechoslovakia wants to change this by purchasing Western licences and technology to boost its engineering products, but is seeking to do this largely from hard currency export earnings and not loans.

Other European companies are also winning orders from Czechoslovakia

Ericsson of Sweden has sold Czechoslovakia a $7m (£5.2m) extension for the international telephone exchange in Prague, which It installed in 1980. Restrictions by the Co-ordinating Committee for Multilateral Export Controls (CoCom) prevented it from delivering more than 3,000 lines this time

Kongsberg, e Norwegian electronics company, is negotiating to sell computer-sided design equipment for the Czechoslovak engineering industry; Austrian banks have provided a government-backed loan for Warimpex an Austrian holding company to build an hotel in Prague.

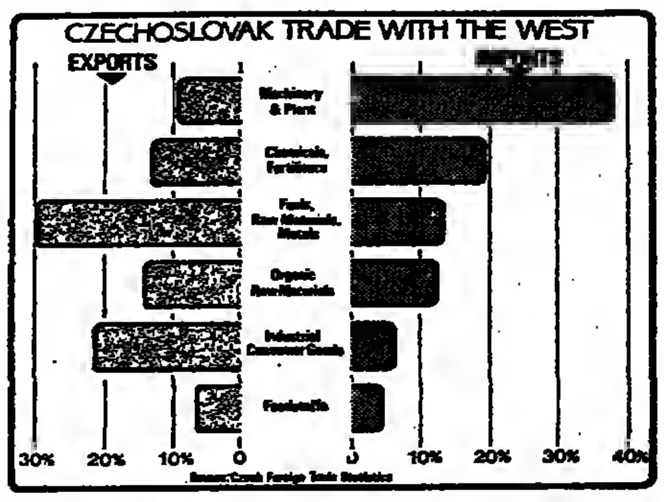
Voest-Alpine, Austria's state-owned engineering company which last year won a contract from Czechoslovakia to build an oil cracker, would like to boost its plant and equipment deliveries to a level approaching that of the business it does in East Germany.

The spurt in Czechoslovak orders to Western companies, after imports from OECD countries were alashed 13.3 per cent between 1980 end 1984, is also being registered in the UK.

UK exports to Czechoslovakia in the first balf of 1985 were up 20 per cent to £44m while imports rose 5 per cent to £63m, thus narrowing the trade gap. But Britain, which led the West in trade with Prague in the 1950s, has fallen to fourth place.

British companies would do well if they could cash in on nnly a fraction of the goodwill which exists toward their country in Czechoslovakia.

The official British trade stand at Brno certainly had no lack of response from Czechoslovak teenagers collecting Union Jack stickers with Brno written on them.



Oil refinery shutdowns forecast for Singapore

By Chris Sherwell in Singapore

IMBALANCES in oil supply demand in the Asia-Pacific region will lead to more refinery shutdowns in Singapore, the world'a third largest refining centre, but an enhanced role for the island state as a trading centre, an international conference was told here yesterday.

The two-day conference, on oil trading activities and opportunities in the Asia-Pacific region, is the first of its type. It is being backed strongly by the Singapore Government in order to boost the country's role in the world oil market.

Dr Fereidun Fesharaki, a noted authority on regional oil markets from the East-West Centre in Hawaii, forecast more refinery shutdowns in Singapore beyond those already ordered by Shell and Mobil, but no major closures. Profitability would return, be said, and some capacity may even come back on stream by the late 1980s.

A worsening oil product imbalance over the next two or three years, caused largely by a prospective over-supply of fuel oil, meanwhile mede prospects for expanded regional oil product trading "excellent," said Dr Fesharaki.

That meant Singapore's oil trading role would be enhanced, and the country could emerge as "the most active trading centre in the world."

Brig-Gen Lee Hsien Loong, junior trade and industry minister in Singapore, said his Government was ready to support this development. Singapore is host to about 30 oil trading companies, and has oil and oil product storage facilities with a total capacity of 65m barrels.

Mr Bijan Mossavar-Rahmani of consultants Temple, Barker and Sloane, forecast that the Asia-Pacific region's fuel nil surplus would exceed 400,000 b/d in 1990 and 500,000 b/d in 1995. These figures exclude excess quantities from the Middle East and U.S. West Coast amounting to 200,000 b/d.

As a result, he said, 600,000-1.2m b/d of new hydrocracking capacity would be needed in the region by 1990 at a conservative estimate, and even more by 1995. If oil products were freely imported, however, the need for such upgrading would be less.

Governments would meanwhile have to reassess their need for fuel oil as a result of its falling price.

Hilton group to help build hotel in Ankara

BY DAVID BARCHARD IN ANKARA

THE HILTON Group is to help build an international hotel in Ankara, one of the few remaining capitals in Europe and the Middle East without a hotel belonging to any of the major groups.

A joint venture including Hilton, the Sabanci industrial group and the Akbank and General Dynamics, of the U.S., will build a 353-bed hotel at a site at Kavaklidere in central Ankara. No Government finance is involved.

According to Mr Erol Sabanci, chairman of the Akbank, a company will be established next week and the project, which will take 30 months to complete, will get under way next month.

The cost of the hotel is $37.5m (£28.8m)

The deal is the first major contract to be awarded within the framework of a $1bn (£769m) offset agreement under which General Dynamics is financing part of the cost of co-manufacturing F-16A fighter jets.

This is also the first time that a major international hotel group has invested its own money in a Turkish hotel project. The few hotel groups in Turkey have mostly relied until now on management licensing deals with the capital coming from state controlled pension funds.

Hilton will own a 10 per cent stake of the equity with General Dynamics owning 11 per cent. The largest single shareholder will be Shaker Holdings of Egypt with 27 per cent. Apart from Sabanci, which will own 13 per cent, two other Turkish companies are involved.

UK, Philippines fail to conclude aviation treaty

By Samuel Senoren in Manila

The British and the Philippines governments failed to agree on a bilateral aviation treaty during weeklong talks in Manila last week.

The Philippine Government has made no announcement on the outcome of the talks but civil aviation officials said the talks collapsed and further negotiations have been set for October 7 in London.

The British insisted that Philippine Airlines reduce its flights between Manila and London from three to two a week. British Airways maintains only two flights a week between the two cities.

As an alternative to Philippine Airlines' cancellation of the third flight, British Airways sought royalty of £745,000 annually. Philippine Airlines offered £500,000.

UK 'failing to exploit' Indian talent for software

BY OUR TRADE EDITOR

INDIA'S talent for computer software is being exploited by the Americans but ignored by the British, her former colonial masters, according to the head of an unusual trade mission to the country.

Mr Arthur Day, director of an obscure quango, the UK Trade Agency for Developing Countries, is taking four companies to India next month in the hope that India can increase her sale of software to Britain, and that companies eventually will form joint ventures.

The companies on the mission are Istel, formerly the computer systems arm of British Leyland, Package Programs, Pafec and the Computer Services Association.

Mr Day pointed to recent evidence to a House of Lords select committee from Sir Ronald Mason, of Sussex University, who said the U.S. was recruiting many Indian mathematicians and computer experts.

He said he hoped the mission would return to broadcast India's resources to British industry.

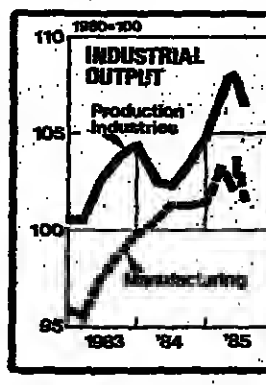
Further sign of slowdown in industrial output

BY PHILIP STEPHENS

RECENT SIGNS of a significant slowdown in the pace of growth of Britain's manufacturing production were reinforced yesterday by official figures showing a steep fall in output during July.

The Central Statistical Office said that manufacturing production fell by about 2 per cent over the month to stand below the level at the beginning of the year.

Statisticians cautioned that monthly movements in the figures were notoriously erratic, particularly in the summer when there were large seasonal adjustments. In June, for example, output appeared to have risen by over 1½ per cent.



The Confederation of British Industry's latest industrial trends survey suggests that the official figure for July understates actual production.

Longer runs of figures, however, also point to a weakening in manufacturing industry's performance. Over the three months to July, output was ½ per cent lower than in the previous three months.

Over the first seven months of this year, output was just over 2 per cent higher than in the same period a year earlier. In 1984 the growth rate was more than 3½ per cent.

The latest data is likely to strengthen calls from industrialists for action by the Government to push down interest rates, which in real terms are higher than in any of Britain's main competitors.

The CSO said that during the three months to July metal and minerals were the only two major sectors to show significant increases in output. In contrast, production of the chemicals, engineering and allied industries, and of the food, drink and tobacco sectors, all fell.

Output of the production industries as a whole rose by ½ per cent in the three months to July, largely as a result of the bounce-back in coal production after the end of the miners' strike in March.

If the impact of the strike is excluded, overall production fell by about 1 per cent reflecting both the drop in manufacturing and an unusually large seasonal dip in North Sea oil output.

The index of industrial output stood at 106.4 in July (1980 = 100) compared with 107.5 the previous month. The manufacturing index was at 101.5, down from 103.8.

Shipyard job cutbacks

BY MARK MEREDITH

TRAFALGAR HOUSE, the shipping, construction and property group, is to seek about 1,000 redundancies from its Scott Lithgow offshore construction yard on the Lower Clyde, south-west Scotland.

Management told trade union representatives yesterday that the cuts were needed because of a shortage of orders. The yard has only one contract on its books at the moment, an £88m semi-submersible drilling rig for Britoil.

The redundancies are to affect both hourly paid and salaried staff. The unions are expected to consult their members about possible resistance to the cutbacks. But a previous loss of 600 jobs earlier this year was achieved largely through voluntary redundancies.

Trafalgar House took over Scott Lithgow from state-owned British Shipbuilders in March 1984, when the yard faced closure over Britoil's decision to cancel its semi-submersible order because of substantial delays.

The contract was restored to the yard after the takeover and Trafalgar House has been trying to supplement its offshore work with defence contracts.

Liberals urged to back pay strategy

AN EFFECTIVE incomes policy would be essential to the economic policy of an Alliance government, Mr David Penhaligon, the Liberal Party's economic spokesman, told a preliminary meeting of the Party's annual assembly yesterday.

Alliance policies for economic recovery and industrial regeneration would be "fluff in the wind" without controls on pay, he thought.

The need for an incomes strategy was overwhelmingly approved by a working party on the economy, and will now go forward for inclusion in a full debate on the economy on Thursday.

Steel's sights on power, Page 12

□ THE LABOUR Party faces a charge of racial discrimination in its employment practices by a citizen of Northern Ireland. Mr Harry McAllister, a 36-year old merchant navy electronics officer, has brought two complaints under the Race Relations Act, alleging discrimination in advertisements placed by the Labour Party for research officers.

The advertisements specified that party membership was necessary for successful applicants. Mr McAllister will claim that because no Northern Ireland resident can join the Labour Party, all of its 1.5m inhabitants suffer from discrimination when party membership is stipulated.

□ MR DENIS HEALEY, Labour's shadow foreign secretary, is pressing the Government to disclose whether it believes that South Africa and Israel are co-operating in the development of nuclear weapons.

He has written to Sir Geoffrey Howe, the Foreign secretary, recalling that the U.S. Naval Research Laboratory reached the firm conclusion that a nuclear device was exploded in the Indian Ocean on September 22, 1979. The test had raised the possibility that the governments of South Africa and Israel were acting together, he said.

□ UNITY TRUST, the trade union financial institution, is planning to transform itself into a public limited company so that it can sell shares to union members. The institution, launched 18 months ago, is owned by 40 trade unions. Although the trust has no immediate need for additional capital, it wants to prepare for the time when it has to fund further growth.

□ THE HOUSING market in England and Wales is showing signs of a revival, with demand for properties now outstripping supply, according to the latest quarterly survey from the Royal Institution of Chartered Surveyors.

□ SUBSTANTIAL pay increases are being sought for Britain's 20,000 seamen. Employers have said in reply that anything other than a modest settlement would put UK ships and jobs in jeopardy.

SUBSIDIARY WILL HANDLE WORLD CAPITAL MARKET OPERATIONS

NatWest to form investment bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

NATIONAL Westminster Bank is to form an investment banking subsidiary for its activities in the world capital markets, including its operations in UK securities arising from the City of London revolution.

The group, to be known as NatWest Investment Bank (NWIB), will have £300m in capital, putting it among the largest entities to emerge from the current realignment of City institutions.

The core of the group will be County Holdings, the parent company of NatWest's merchant bank and of the stockbroking, stockjobbing and investment management business it has been developing since the City revolution began two years ago.

It will also include NatWest's operations in the gilt-edged securities markets and the Euromarkets, as well as other activities in the UK and abroad linked to investment banking.

The chief executive is to be Mr Charles Villiers, at present chairman of County Holdings, who will report directly to Mr Philip Wilkinson, NatWest's group chief executive. Mr Villiers is also appointed to the NatWest board.

Mr Wilkinson said yesterday that the creation of NWIB marked NatWest's desire to broaden the range of its services and meet the growing importance of capital markets as a source of finance for the bank's customers. It would also provide investment services for institutional and private clients.

Eventually, NWIB will market a financial advisory and brokerage service to NatWest customers though its branch network.

NWIB is designed to combine the flexibility of a securities operation with the capital strength of a commercial bank. Although the County Bank name will continue to be used for many of its products, it will be replaced by that of NatWest in cases like the underwriting of debt issues, where it wants to emphasise big capital capacity.

NWIB is also intended to help the NatWest group bridge the "cultural" gap that traditionally exists between investment and commercial banking by integrating the securities operation under the group name rather than the County name.

The new bank will employ ebout 1,500 people and will be housed in NatWest's building in Drapers Gardens, London, which is being refurbished and will be equipped to house a large dealing operation using the latest technology.

NWIB will be incorporated as a separate company, once the necessary approval has been received from the Bank of England.

Liverpool's cash crisis brings collapse nearer

BY RICHARD EVANS

LIVERPOOL headed nearer to bankruptcy and a political showdown with the Government yesterday when a crisis meeting of the city council was prevented from taking place by picketing local authority workers.

The meeting had been called to agree an emergency package of cuts including the dismissal of the council's 30,000 staff, in an effort to stave off insolvency. But the employees succeeded in blockading the town hall, forcing the abandonment of the meeting.

The signs now are that with the Government standing aside and refusing to lend the council an additional £25m to keep services going, there may be no cash left within two weeks.

The development shows that the left-wing Labour leadership's tactic of dismissing the staff and then blaming the Government for the city's financial predicament, has been rejected by the unions, which are firmly maintaining the original policy of no job losses or cuts in services.

The crisis stems from the row between the Government and a number of left-wing councils over how their cities should be run. In the case of Liverpool, the 49 controlling Labour councillors agreed a spending target well in excess of the Government's figure. Rate support grant was reduced and the councillors surcharged for incurring additional costs.

In an additional move last night local shop stewards called an indefinite strike of the council's workforce from tomorrow week. It is not yet clear whether some trade unions, which were prepared to take action on a 24-hour basis, will condone an all-out strike.

Mr Derek Hatton, Labour's deputy leader, denied there was any split between the party and local trade unions. "What it shows is an absolute determination from the Labour Group and the unions not to make cuts in jobs and services. We are not prepared to do Thatcher's dirty work for her."

But Sir Trevor Jones, Liberal opposition leader, was convinced there was a significant split. "The Labour Party and the shop stewards have fallen out. They have had a double act for the last two years but now they are behaving like a pantomime horse, the front end of which doesn't know what the back end is doing."

Council manual workers offered rises up to 12%

BY DAVID THOMAS, LABOUR STAFF

LOCAL AUTHORITY employers yesterday made an improved pay offer which will mean rises of between 6.7 and 12 per cent for 1m local authority manual workers.

The unions will put the offer to their members over the next month with no specific recommendation, although it is almost certain to be accepted.

Mr John Edmonds, secretary of the union side and general secretary-elect of the General, Municipal and Boilermakers' Union, described the offer as "a step forward."

He added: "We need settlements substantially more than the going rate to eliminate low pay from local government."

The employers have offered a £6 a week increase for all employees, plus the elimination of the two lowest grades. The offer, if accepted, will be backdated to September 1.

The weekly rate for the 213,000 workers in the lowest grade, mainly cleaners and school meals assistants, will rise from £74.30 to £83.20, a 12 per cent increase. Workers in the top grade will receive a 8.7 per cent increase from £89.25 to £95.25 a week.

The employers' side estimated the overall cost of the package at £220m, which is 8 per cent of the annual paybill.

The employers received no specific commitments from the unions on productivity or changed working practices to offset the cost, though it is understood that they sought unsuccessfully for savings in the school meals service.

The two sides, however, agreed a framework for a complete review of the grading structure and working practices, which the employers hope will yield substantial savings.

Mr Tony Phillips, the employers' chairman, refused to be drawn on the implications of the offer for services or rates (local property taxes), describing them as a matter "for each individual authority to consider in the light of its budget."

The employers held a meeting with ministers from the Department of the Environment last week, but Mr Phillips said that he had "no idea" what impression the offer would make on the Government.

The offer will colour the new public sector pay round and strengthen unions' determination to break through the 3 per cent pay factor built by ministers into their public spending plans.

Australian defence order goes to Racal

By Raymond Snoddy

RACAL, the electronics and telecommunications group yesterday announced an order for a mobile field communication system for the Australian Defence Force, which could ultimately be worth more than £100m. It would be the largest single order the company has ever won.

Mr Kim Beazley, the Australian Defence Minister, said that Racal Australia had been awarded the equipment specification contract for Parakeet, a system designed to provide secure voice, data and telegraph links for forces in the field.

Parakeet is a digital trunk communications system which provides high capacity links between major headquarters and also links combat units with the strategic defence network. The initial contract is worth A$6.5m (£3.3m) but Racal will be the preferred supplier for the whole project which will cost about A$200m.

The Australian Defence Minister said Racal's "preferred supplier" status depended on the company's performance in this phase and on the Government deciding to go ahead with the full programme.

The contract was won against competition from Plessey, the UK electronics group and AWA, an Australian company.

Mr Martin Richardson, chairman of both the Racal Radio Group and Racal Electronics, said yesterday the order "has established us very firmly in the market place and should give a technological base to continue development."

He hoped the order would lead to similiar sales for medium-sized-systems from other Western governments. Parakeet is the third of three major projects designed to offer the Australian armed forces a sophisticated communication system for the 1990s.

The early contracts on the other two projects, Raven and Discon, were both won by Plessey. Raven, which Plessey won in competition with Racal, is for combat net radio – the radio packs carried on the backs of individual soldiers.

UK NEWS

Steel's sights firmly on the chance to take share of power

BY PETER RIDDELL, POLITICAL EDITOR

MR DAVID STEEL, the Liberal Party leader, admitted in a weekend television interview, that he had a love-hate relationship with his party. Each autumn's party assembly tests the patience both of the leader and of constituency activists, though always ending happily with Mr Steel's final address to them.

The tension says much about both Mr Steel and his party. Indeed, his behaviour during the conference, which opens in Dundee, Scotland, today, is a contrast with that of Dr David Owen, leader of the Alliance partner, the Social Democratic Party (SDP). It is a reversal of the common image of the two men.

Dr Owen is widely thought of as arrogant, aloof and, on his own admission, not suffering fools gladly. Yet in practice he is approachable and open. He wandered around his conference in Torquay last week generally on his own, talking to any delegates and press he met. For all his dominant style as leader, he is possibly the most democratic party head in his personal approach.

By contrast, Mr Steel has the more likeable image, relaxed and amusing, rather like Mr Neil Kinnock, the Labour leader, whom he resembles in many ways in his background and approach. And indeed Mr Steel is agreeable and interesting company. Yet he is rather distant at a conference.

Unlike Dr Owen, he does not attend the preliminary meetings leaving that to his entourage of staff and advisers. When he arrives, Mr Steel is seldom seen casually walking around the conference hall. Instead, he spends much time in his hotel room with advisers such as Mr Richard Holme, Mr Alan Watson, the party president, and Mr Paul Tyler, the party chairman, and in other behind-the-scenes meetings.

Mr Steel's interests are primarily national and metropolitan. He regards winning local elections as a stepping-stone to general election success and not as an end in itself. For all his appeal as the son of the manse from the Scottish borders, Mr Steel is very much a Westminster politician interested in power. He enjoys the life of "high politics" in London like, for example, his membership of the Other Club, a dining group of politicians of all parties founded by Sir Winston Churchill in his Liberal days.

Mr Steel is undoubtedly a shrewd and an adept political operator. It was his strategic vision, and that of Mr Roy Jenkins, that was chiefly responsible for the creation of the Alliance. While Mr Steel and Dr Owen now heve a reasonably good working relationship, accepting the need to present a common front, there is still certain mutual wariness. Mr Steel often applies a conciliatory approach to persuade and win over the more single-minded Dr Owen.

Mr Steel's approach arouses the instinctive suspicion, and anti-metropolitan prejudices of many of the activists. They respect his energy, unmatched talents as a television performer and his toughness. But there remain doubts that Mr Steel is perhaps a little too inclined to be accomodating to Dr Owen and to be too much the tactician willing to compromise the anti-nuclear, "green" and limitarian values of the activists. The latter is, of course, similar to the charge laid against Mr Kinnock by Labour activists.

Yet, despite the activists' doubts, the Dundee assembly will be the first since the last general election, when Mr Steel's own future as leader is not a matter for speculation. He wants one final chance to secure a share in power, and no one is going to rock the boat too much while that still appears to be a real possibility.

Average wage deals estimated at 6.05%

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE AVERAGE for wage settlements over the bargaining year from August 1984 to this July was 6.05 per cent, according to figures published today by the Labour Research Department.

The LRD's survey also shows that one in four manual workers won extra holidays over the period, bringing the number of workers with an entitlement of 21 days or more to 82 per cent of their workforce (up from 78 per cent in 1984).

Only one worker in 20 has fewer than 20 days of holiday a year, compared with seven in 100 in the previous year.

Public-sector workers do better than private: 60 per cent of manual workers in the private sector have fewer than 22 days of annual holiday, compared with only 6 per cent in the public sector.

Working hours decreased only sporadically and slowly over the past year, with the 39-hour week remaining standard for most manual workers. The report comments that, as shiftworking becomes more widespread, more and more negotiators deal with hours on an annualised basis.

The gap between clerical and manual hours remains wide, with only 34 per cent of clerical workers working more than 1,750 hours in a year, compared with 94 per cent of manual workers.

Here the public sector workers do better than those in the private sector: 27 per cent of those in the private sector work under 1,781 hours a year, compared with 4 per cent in the public sector.

On pay, the LRD's findings are roughly in line with those produced earlier this week by the Confederation of British Industry, which showed a 6.4 per cent rise for the first six months of the year. The LRD, by including lower settlements in the second part of last year, has a lower average figure.

The department says: "The general upward trend in pay increases is confirmed by a breakdown of agreements according to industry, with only six industries out of the total 28 having lower increases this year.

"The highest industry increase was agriculture, forestry and fishing, following the 8.33 per cent agricultural wages board award covering 176,000 workers in England and Wales."

The industry with the lowest increase was education, research and health, with 4.6 per cent, which was the increase on the lowest basic rate.

UK NEWS

Castings work for GM switched to Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE TASK FORCE set up by General Motors to help balance its car imports to the UK with more component purchases in Britain has had its first success.

George Fischer, the Swiss group which has been supplying car engine castings to GM's West German subsidiary, Opel, from continental European plants for many years, is switching the business to one of its factories in the UK.

A long-term agreement, worth "several million pounds a year" has been signed between GM-Opel and Fischer's British factory at Lincoln.

Fischer, an independent, privately-owned group with an annual turnover of about SwFr 2bn ($836m), bought the Lincoln facility, previously owned by Ley's Malleable Castings, three years ago. The factory employs about 300.

Fischer stressed that the Lincoln plant's output "has reached a level of quality which has opened opportunities for exports." It added that the deal will increase both the volume of GM's purchases of British products and the local content of GM vehicles marketed in Britain.

The work has been moved from Fischer's plants in Austria and West Germany.

GM – which in Britain manufactures under the Vauxhall marque – set up the task force some months ago following pressure from the UK Government for the group to work for a better balance between what it sells in the UK and what it makes and buys in Britain.

The U.S. group's argument with the British Government stems from its decision in the 1970s to make Opel responsible for its car design and development in Europe. The system paid off because GM models now account for about 17 per cent of the UK new car market compared with only 8.5 per cent in 1981.

But GM supplied nearly all the extra demand from its continental European assembly plants, in Belgium and Spain, as well as in West Germany. Matters came to a head when it became clear that, in spite of record sales, GM actually produced fewer cars in Britain last year than in 1983.

The GM task force, headed by Mr Dick Durkin, executive director, finance of the group's European cars division, has been examining, among other things, how a better rapport can be established between Opel and UK suppliers and to bring British companies into Opel's development process at an earlier stage.

Chase selects head for equity operations

BY JOHN MOORE, CITY CORRESPONDENT

CHASE MANHATTAN, the U.S. bank which is taking over Simon & Coates and Laurie, Milbank, two British stockbrokers, yesterday announced the recruitment of a senior dealer at Akroyd & Smithers, one of the largest London market makers, to head the dealing in its British-based equity operations.

Yesterday's announcement is the latest in a series of senior City personnel moves in the financial services revolution taking place in London.

Chase has appointed Mr David Cheesewright, a senior market maker at Akroyd & Smithers, with 23 year's experience, as head of its UK equities market-making and trading operations.

Mr Cheesewright's salary was not disclosed, but Mr Leigh Collins, of Simon & Coates, said yesterday that his package was "fully consistent with the high market amounts on offer but it is not a grotesque figure. He is being paid the full market rate."

This is likely to be a six figure sum, although Mr Collins said that there was no transfer fee involved. "The whole deal has been structured to take account of that."

Chase Manhattan intends to be a primary market in British government securities but as yet the head of this operation still has to be announced.

● Mr Peter Miller, chairman of the Lloyd's insurance market in London, is running for a third term as head of the Lloyd's community.

Elections to the Lloyd's ruling council are due to take place in November. Under its rules, any member of the council who has served for four terms has to retire for one year before seeking re-election.

Only the chairman of Lloyd's can waive the one-year "sabbatical" period and Mr Miller has chosen to exercise the right.

Mr Miller has served on the Lloyd's ruling bodies since the beginning of 1982 and became chairman at the end of 1983.

Drug risks blamed on job losses

Financial Times Reporter

MR NORMAN WILLIS, the Trades Union Congress (TUC) general secretary, yesterday placed much of the responsibility for the increase in drug taking on unemployment – and on the Government.

Launching a report on the TUC unemployment centres, Mr Willis said that unemployed young people were "a prey to mischief – and sometimes the deadly mischief of heroin."

He continues: "We know unemployment is not the only cause and that there are all sorts of political and economic reasons. But if you practise the economics of fear and despair, you spread the drugs of fear and despair. That is what the Government is doing to Britain."

Youth unemployment – defined as those under 25 without jobs and not on training schemes – now stands at 1.233m, more than one third of the total. Of that, 617,100 have been without jobs for 26 weeks; 265,200 without jobs for between 26 and 52 weeks; and 315,900 without jobs for more than a year.

Mr Willis said the despair created by unemployment was a large contributory factor when young turned to drugs – "and not just when young people themselves are out of work, but many of them are in families where their parents have been unemployed for long periods.

● A public relations exercise to convince the electorate that Mrs Margaret Thatcher, the Prime Minister, and her ministers are not uncaring about the needs of the health service and other areas of social security was launched yesterday.

It will centre on a newly established Social Affairs Forum set up by Conservative Party managers. They will provide a direct channel of communications between constituency activists who have a specialised knowledge of how the health service and other social services operate at local level and Conservative MPs and ministers.

Behind the decision to set up the forum is the growing concern among ministers and their public relations advisers over the success of the Government's political opponents in portraying it as a hard-faced, penny-pinching body unwilling to provide the money needed for vital services.

IBA opposes change in financing of BBC

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority (IBA) yesterday opposed the introduction of advertising on the BBC and argued that those seeking to change the British system of broadcasting finance should have to show that change would mean improvement.

The IBA, in its evidence to the Peacock Committee, which is looking at other means than the existing licence fee to fund the BBC, says it does not believe the fee – which is £58 for a colour TV – is at the end of its life.

The principle of separation of funds – the licence fee for the BBC and a monopoly of television advertising revenue for the independent companies – has worked well in terms of the range and quality of programmes produced, the IBA says.

"We believe that it should continue to do so, and that the IBA should continue to be responsible for all advertising-financed public-service broadcasting channels," the authority adds.

Mr John Whitney, director general of the IBA, said he believed that introducing advertising on the BBC would be bulldozing the existing broadcasting structures that "continue to serve us well."

Electronic publishing, the IBA believes, is not yet akin to print publishing. For at least the next decade, the public broadcasting authorities will still have an essential role in ensuring a range of choice for the audience.

If the BBC were to take advertising, at least some of the revenue would be diverted from independent broadcasting. The most vulnerable parts of the system would be independent local radio, the smaller ITV companies and Channel 4.

If the BBC were to keep its licence fee and be given access to advertising, it would, the IBA argues, "be in an unduly advantageous position."

THE ARTS

Galleries/William Packer

A simple passion

Augustus John once remarked of himself, with a generous if somewhat wry self-depreciation, that were he to be remembered at all by posterity, it would only be as the brother of Gwen John. There was nothing of bitterness in it: he had always been as consistent as he was convinced in his admiration of the work of his diffident and markedly unprolific sister, and ever happy to express it in her interest. And if he was perhaps a shade too hard on himself the more we see of her work, the more clearly we come to recognise the underlying truth at which he was hinting. Where he stands safe enough in his reputation as a serious and substantial artists of the British School through the early decades of this century, it is ever more certain that despite the apparent narrowness of her scope, she stands above and beyond him, independent of merely national consideration, one of the greatest of women artists and a great artist *tout court*.

It is a large claim to make, but one which in the face of the work is both inevitable and sustainable. The splendid exhibition at the Barbican (until November 3, then on to Manchester and Yale), in giving us about one in three of all her canvases and many drawings and water-colours besides, gives us every opportunity to make the case.

An inflated scale, variety of material and subject, and an ample production are of themselves no sure measure of ambition or achievement. With Gwen John's paintings, small as they are, so repetitive in their imagery and modest in their superficial physical presence, our engagement rests nevertheless with the most profound considerations of observed and imagined reality, and humane experience.

Before any one of her intimate, meditative studies of the figure, the model typically set three-quarters on and three-quarter length, utterly quiet and relaxed, her arms resting lightly crossed on a long lap, there is nothing for it but to confront the fundamental questions of what painting is and what, at its most allusive and refined, it can be: oil and canvas, flesh and air. And such is the creative company she keeps that not only are immediate contemporaries called to mind, Whistler who taught her on occasion, Bonnard and Vuillard, but a more extended tradition and such artists as Degas, Chardin and Vermeer.

The formal control is absolute, with nothing unnecessary, never an extra flourish or indulgence but every touch to the point, and the image resolved with a delicate, dispassionate simplicity that hovers ever closer to abstraction. But they are still most passionate works, all the more highly charged indeed by their appearance of outward calm and emotional detachment. The dry, almost powdery paint is yet rich and potent a medium for the imaginative suggestion of form and space and light, for all the subtle economy of the means employed. A scumble of violet against a pink ground and there is the figure to the life in a living space, every note, inflexion, harmony exactly struck. The poignant, simple truth of the experience touches the heart.

The essential quality of these things speaks for itself; which leaves only the problem of a reputation not as it is and should be, but bedevilled still by circumstance and biography. A strange or difficult life can be irresistible in its interest, and the danger is that it may intrude itself too easily and too much upon our attention, at the expense of the work. It is well to remember two things: that particular circumstances are no more a guarantee than they are an impediment of great art: and the myth will not always match the facts.

Gwen John moved to Paris in 1904 at the age of 28, and made *it her home* for the rest of her life. She had already shown something of her work in England, and she continued to show, albeit at extended intervals, and was noticed from time to time, and sometimes sold a thing or two. She was thus active in Paris as a mature artist through one of the great periods of the Paris School, with as good a claim as any to be counted a part of it. If she was of a naturally withdrawing temperament, her brother and her friends knew her as an engaged and passionate being. She evidently continued sociable in a quiet way, for she had some acquaintance across the art world of Paris, which is hardly surprising in one who had worked as a model, and been the model and mistress of Rodin in her early years in the city. After 1930 she worked less and less at her painting, devoting herself rather to her cats, and the garden of the converted summer house in which she lived at Meudon, on the edge of Paris. She died on a visit to Dieppe in 1939. Her reputation was rescued from critical obscurity and was made safe at least a generation ago.

Both the short monograph by Mary Taubman (lately published by Scolar at £20), and the exhibition catalogue by Cecily Langdale and David Fraser Jenkins (Phaidon at £9.95) supply admirably sympathetic and straightforward accounts of the life and the development of the work, beautifully illustrated.

*

While Gwen John occupies the lower floor, by the happiest of chances almost the entire run of the upper galleries at the Barbican is given over to just such another confirmed Francophile expatriate, and one, moreover, who really has been thoroughly neglected at home. Roderic O'Conor was Gwen John's senior by some 16 years, an Irishman who completed his studies in Paris and was by the late 1880s showing his work at the *Salon* and the *Salon des Indépendants*. He too made France his home for the rest of his life, dying at Neuil-sur-Layon, south of the Loire, in 1940.

He had been a close friend and associate of Gauguin in Brittany, and become a leading figure in the group of artists that worked around Pont Aven on through the 1890s. In his subsequent years in Paris he was, it seems, so much at the centre of things that visitors from England, Frys and Bells and Grants, would make it their business to call on him, to get the news. Matthew Smith was one such in 1919, in whose work on show in a single-bay at the Barbican it is not fanciful to detect an O'Conor influence. Would Smith, close friend of Augustus, have also called on Gwen?

But his work for the most part fell out of sight after his death, his name kept alive only by a handful of paintings here and there in major collections. The long delayed studio sale in 1956 helped a little, but when Roy Johnston began his researches for this exhibition he knew of barely 40 works. That number has now multiplied tenfold, and the selection he puts before us, the first comprehensive study of O'Conor (until November 3, then Belfast, Dublin and Manchester: the excellent catalogue sponsored by Allied Irish Banks), is exhilarating and delightful.

At every point we see a gifted and intelligent artist, no great *original* exactly but acutely receptive and discerning, and making his own way. He is in short eclectic to a fault, if it is a fault, for again and again the recognition of an influence or cross-reference gives way to astonishment at the date at which the work was done, so close is he to what is going on around him. Now we see him so close in spirit to Van Gogh, and working so well off Gauguin in the early 1890s, now all but Fauve before 1900, then close to early Matisse rather before Matisse gets there himself, now marching step for step with Bonnard. Who is to say that concentration and consistency would not have led him to a sustained and substantial originality: and who would say he was wrong in remaining true to his peculiar and so various gift and temperament?

Self-portrait of Gwen John

Concert celebrating Jelly Roll Morton

A concert celebrating the man who claimed to have invented jazz, Jelly Roll Morton, will take place on Saturday next, September 21 at the Elizabeth Hall in London. It is called a centenary concert but recent research suggests that pianist/composer/band leader Morton was born in 1890, *not* 1885. However pianist Keith Nicols is assembling a 1985 version of Morton's famed Red Hot Peppers. Among others in the band will be trumpeters Alan Elsdon and Ben Cohen, saxist John Barnes, bassist Graham Read and drummer Laurie Chescoe. Vocals will be by Johnny M, singer with the Midnite Follies Orchestra. Tickets from Festival Hall box office.

The Rivals/Royal Lyceum, Edinburgh

Michael Coveney

Whatever one's mixed feelings about the Stoppard and Sheridan double-bill at the National (known on site as the Tom and Sherry lampoon show) there is no denying the evening's spectacular luxuriance. With the opening of Ian Wooldridge's new season at the Royal Lyceum in Edinburgh, however, poor old Sherry is caught in the poverty trap. And I really mean imaginative poverty rather than the economic brand, although no designer in Britain has been so indulged this year as has been William Dudley, first with *Mutiny!* and now at the National.

The Edinburgh design by Gregory Smith is a bare white box of the sort pioneered at the Royal Court by Christopher Morley, with four entrances and no concessions to Sheridan's sumptuous topographical evocation of Bath (as realised two years ago at the National by John Gunter). You would guess that such an arrangement would lead to speed and lightness in the playing, and you could not be more wrong. There is little pace on Hugh Hodgart's production, little wit in the playing and nothing at all of comic inter-reaction among the players who seem—with the sole exception of Sean McCarthy's silkily inflected and knowing Lucius O'Trigger—to be incapable of relishing some of the finest dramatic prose that will ever come their way.

I will concede at least that the show is faintly less embarrassing than Mr Hodgart's Molière earlier this year, but he is still determined to ape—and to ape very badly—certain characteristics of the Glasgow Citizens'. Mrs Malaprop is played by Michael Roberts as a third-rate pantomime dame. He flutters and twitters in a self-regarding vacuum, heavy jaw and features set like concrete beneath a tall and very bad wig.

Now you *can* have Lady Bracknell played by a man (Jonathan Hyde did a notably expert Martita Hunt act at the Citizens' years ago) but even then you lose the latent femininity so memorably unearthed by Judi Dench. But Mrs Malaprop is quite different, a severe aunt whose befuddled language is linked to an ostensibly flirtatious disposition. Ironically, she imagines Sir Lucius and Sir Anthony as rivals for *her* hand, just as the lovelorn Faulkland fantasises hordes of suitors pursuing his Julia and, in the central variation on the title, Lydia Languish has fallen for her loyal Jack Absolute disguised as the military ensign Beverley.

The faultless structure of this brilliant comedy is thus destroyed by letting Malaprop loose as a dag queen, and a drag queen so ghastly that her fear of Sir Lucas dissolving her mystery is as ill-founded as her vanity that Sir Anthony might be drawn to it.

Taken together with the slow and mutilating pauses perpetrated by Irene Macdougall's colourless Lydia and Vari Sylvester's strenously confidential maid Lucy, and with the sheer silliness of destroying the potentially efficient white box effect by playing the King's Mead Fields duel scenes in murkily indefinite lighting (everything in such design circumstances should be played in even, bright light, as were the Gaskill/Guinness *Macbeth* and the Gill *Duchess of Malfi*, two Court plain box productions), the Malaprop ploy invites the conclusion that the Lyceum artistic policy is now as unintelligent as it is insensitive and imitative.

On the first night, Finlay Welsh as Faulkland was unfortunate enough to meet stern resistance from his cloak's clasp when he attempted with a *stifled* flourish to throw off his disguise. Otherwise, his racked and worried performance was a minor consolation. Ken Bones is a solid, barking Sir Anthony and Duncan Bell, an attractive young actor with a touch of Ronald Pickup about him, a most promising Jack Absolute. But Sheridan, and Edinburgh deserves so much better.

Michael Roberts as Mrs Malaprop

'Camille' transfers to West End

Pam Gems' version of *Camille*, which the Royal Shakespeare Company premiered in Stratford last year, is to transfer to the West End, opening at the Comedy Theatre on October 29 with the principal members of the original Stratford cast, including Frances Barber in the title role.

"Donnerstag aus Licht" opened at the Royal Opera House last night. It will be reviewed on this page tomorrow.

Separate Tables/Northcott, Exeter

B. A. Young

The four principals in Rattigan's two, linked, one-act dramas of hotel life are all unsatisfied in different ways. In *Table by the Window*, John Malcolm is so urgently in love with Anne Shankland that once, when they were married and he was a Labour Minister, he assaulted her for refusing him his "marital rights" and went to prison. Anne's second marriage also failed; now she is hunting for the devotion John gave her, which he calls "enslavement." Their new meeting leads again to the old violence; but longing wins and they settle into what might optimistically be called a happy ending.

In *Table Number Seven* the so-called Major Pollock knows his own human inadequacy and invents a new personality as a Black Watch major, when he was really a RASC lieutenant and never nearer Alamein than Orkney. A by-product of his inadequacy is a compulsion to touch up women in the cinema. When he is caught and his offence reported in the local paper, together with his true life history, the other residents at the Beauregard Hotel, whipped on by the militant Mrs Railton-Bell, ask Miss Cooper, the manageress, to chuck him out.

Miss Cooper, whom Rattigan calls "managerial" and is well played so by Mary Yeomans, is also human. She makes the bogus major stay for dinner, and there one by one the other residents (all but one) decide to forgive him. Even better, Mrs Railton-Bell's shy, hysterical daughter Sibyl embarks on an actual friendship, being unable to start friendships with more usual people.

Rattigan's insight gives these miniature dramas a power beyond their apparent simplicity. Edmund Kente makes John *Malcolm* a *strongly positive* figure, so that his emotional subjugation is the more pitiable. Then, as the major, he subtly instills an intrinsic weakness into a figure planned as military and dominant. As Anne, Rosalind Bailey is as statuesque as a successful model should be, beautifully dressed, graceful and entirely self-absorbed. As Sibyl she does not take the easy line of personal uncharm; beneath her childishness she is a potentially attractive young woman, as she shows in her single minute of confidence at the end of the play.

The residents are old middle-class figures off the shelf. Gabrielle Hamilton has the best chances as Mrs Railton-Bell, and takes them avidly. I had a pleasant surprise from Sean Aita as Charles, the student who makes a defence speech for the major. Rattigan deliberately makes his supporting characters flat, and there was an unexpected sparkle.

Mike Burnside directs with an evident understanding of these assorted misfits, and there are good sets by Di Seymour.

Hard Times/Richmond

Martin Hoyle

"Not one of his best books," said my companion. "One of his best books," said our fellow-diner later. Anyway, in Russia Dickens is "second to Shakespeare," according to the distinguished Soviet theatre expert on a flying visit, bemused at finding himself in the hot and crowded little room over the Orange Tree pub while the grimy panorama of Coketown was limned by a mere four actors.

Sam Walters's acclaimed production of Stephen Jeffreys's adaptation returns to Richmond before a British Council tour of Europe. For speed and clarity this version is exemplary; the pace never flags for nearly three hours.

With the emphasis firmly on unfolding the story, some set-pieces emerge with breathless excitement — notably the bewildered Louisa's flight from her would-be seducer, followed by the vengeful Mrs Sparsit through the rain-drenched night. Props in the Orange Tree's tiny acting area amount to little more than a couple of benches and the shawls the women don to vary age or class, along with the frock-coats the men assume over stock and waistcoat.

Dickens's sheer narrative vitality triumphs even if — ungratefully, in the face of the company's achievement — one notes characterisation boldly sketched rather than subtly shaded. Still, with his reminiscences of an egg-box cradle and the grandmother who downed 14 glasses of liquor before breakfast, Boundaby is revealed as the begetter of that Monty Python sketch where self-made northerners compete for the most deprived childhood. David Timson also excels as the circus owner, Sleary: a fine physical performance where face, build and stance seem to change totally.

The confrontation with Gradgrind tingles with tension. Frank Moorey utterly convinces as rigid father, dissolute son and honest worker traduced. Caroline John's gallery includes a touching Sissy and a genteelly vinegary Mrs Sparsit; and Louisa's outburst against the education that has withered her heart is the climax of Kate Spiro's portrayal, her haunted face betraying repressed anguish. The whole production sends me back to Dickens with love, admiration and shame that we take him so much for granted.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 13–19

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Der fliegende Holländer has Janis Martin and Martti Talvela. The Magic Flute features Sylvia Greenberg, Costanza Cuccaro and Gerd Feldhoff. Il Trovatore sung in Italian, is a Herbert von Karajan production. The cast includes Natalia Troitskaya, Helga Wisniewska and Harald Stamm. Aida rounds off the programme. (34381).

Cologne, Opera: Premiering this week is Lucia di Lammermoor, produced by Peter Wood with Lucia Aliberti in the title role. To commemorate Handel's 300th anniversary Agrippina is offered with Günther von Kannen and Barbara Daniels. (20761).

ITALY

Milan: Teatro alle Scala: Rossini's Il Viaggio a Reims. A repeat of Luca Ronconi's successful production at the Pesaro festival last year. Claudio Abbado conducts a cast which includes Katia Ricciarelli and Ruggiero Raimondi. (809126).

Rome: Teatro Tenda a Strisce (Via Cristoforo Colombo): Rudolf Nureyev with the corps de ballet of the Paris Opera in Apollon Musagete (Stravinsky/Balanchine), *Canto di un Giovane Errante* (Mahler/Bejart) and Suite de Dances to choreography by Bournonville. (Tue). (5422779).

BRUSSELS

Cirque Royale: Simon Boccanegra conducted by Michael Schonwandt with José Van Dam, Ellen Shade, Neil Wilson and Robert Lloyd. (2181211).

VIENNA

Staatsoper: Cosi fan Tutti conducted by Kout with Coburn, Daniel, Watson, Kerns; Giordano's Andrea Chenier conducted by Collado; Raymonda by Glasunov and Nureyev conducted by Schirmer with Stadler, Harangozo, Tichy; La Traviata conducted by Segerstam. (5324/2655).

Volksoper: Kalman's Csardasfuerstin; Millöcker's Der Bettelstudent; Lehar's Das Land Des Lachelns; Strauss' Vienna Blood; Lortzing's Der Wildschütz. (5324/2657).

NEW YORK

New York City Opera (NY State): Frank Corsaro's new production of The Love for Three Oranges with sets by Maurice Sendak (created by Glyndebourne in 1982) premieres with Diana Walker as Ninetta, Joyce Castle as Fata Morgana and John Lankston as Truffaldino, conducted by Christopher Keene. Joseph Rescigno conducts Renato Capecchi's production of The Daughter of the Regiment, with Erie Mills as Marie, Jane Shaulis as the Duchess of Krackenthorp, Gran Wilson as Tonio and Richard McKee as Sulpice. The week also features La Cenerentola and Carmen. Lincoln Center (8705580).

TOKYO

Asian Festival of Traditional Dance and Music: Korea, Turkey, Bangladesh, Malaysia (Thur matinee); China, Japan, India, Sri Lanka (Thur evening); Japan (Wed). National Theatre of Japan. (4640114).

Womack and Womack/Dominion

Antony Thorncroft

Cecil Womack and his wife Linda have hit on a brilliant idea—they act out the pleasures and pains of marital life on stage in front of thousands of voyeuristic fans.

For most of the time they are like a pair of pigeons in spring, with the beautiful Linda staring hard and defiantly at the insidious Cecil as, with guitar cocked, he pushes her gently but meaningfully across the stage. But then, to show that fruitful spring invariably leads to reproachful autumn, there is Linda, the neglected wife, complaining to Cecil about his wandering ways. "Trying to make yourself a name/you have made your lady shame," as she puts it in "Nightrider," one of the best of the pair's new songs.

It makes for a gripping show as now Linda takes the initiative — "You've got to raise your voice sometimes girls," she tells the audience, matching actions to words, and Cecil fights back — "A man needs some of his own time." Of course it comes with that glutinous packaging which infects soul music. "Are you ready for Womack and Womack?" shrieks a disembodied voice at the start; Cecil has high hopes of the evening. "It is going to be beautiful," he asserts, certain that we are "going to be all RIGHT."

In the event it took over an hour for the Womacks to get a rather speculative audience to its feet, by the end, with songs like "No Relief," the bodies were heaving, the atmosphere loving, and soul music had exerted its cheap charms.

It might be aimed at the Stanmore set rather than the Brixton blacks, but with Cecil's clever falsetto and nudging guitar playing and the teasing Linda, dressed rather bizarrely as if for the grouse moor, the Womacks offer an intriguing visual counterpoint to some of the most relaxed soul music of the day.

RSC's new musical at the Barbican

The Royal Shakespeare Company's new musical, *Les Misérables*, opens at the Barbican Theatre on October 8.

The musical adaptation of Victor Hugo's novel, by Alain Boublil and Claude-Michel Schönberg, is directed by Trevor Nunn and John Caird and presented jointly with Cameron Mackintosh.

NOTICE OF REDEMPTION

To the Holders of

Westpac Banking Corporation

12⅞% Subordinated Bonds due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated January 31, 1985, $3,000,000 principal amount of the above described Bonds has been selected for redemption on October 17, 1985 at a redemption price of 101% of the principal amount thereof, together with accrued interest to said date, as follows:

BONDS OF U.S. $5,000 EACH

38	1382	2536	3598	4706	5845	7083	8449	9735	10974	12086	13309	14421	15688	16940	18395
67	1414	2572	3615	4804	5908	7096	8553	9736	11014	12097	13355	14459	15706	16960	18414
104	1448	2556	3690	4845	5923	7169	8577	9749	11057	12116	13385	14511	15760	17021	18425
194	1521	2731	3703	4887	5935	7239	8582	9781	11061	12126	13398	14523	15792	17053	18579
229	1553	2730	3724	4921	5978	7258	8591	9825	11096	12173	13476	14536	15816	17084	18586
282	1572	2784	3760	4933	6030	7323	8600	9863	11192	12241	13514	14551	15893	17086	18628
288	1202	2762	3804	4976	6052	7329	8680	9877	11211	12249	13561	14671	15928	17122	18635
299	1665	2766	3818	4977	6122	7365	8692	9907	11251	12257	13605	14611	15943	17134	18681
323	1738	2782	3834	5010	6126	7409	8695	9969	11272	12299	13608	14628	15966	17209	18753
324	1768	2820	3846	5036	6230	7416	8735	10000	11273	12345	13703	14706	16055	17255	18841
446	1786	2877	3852	5073	6236	7517	8804	10037	11367	12406	13757	14747	16072	17275	18845
455	1812	2906	3865	5095	6250	7519	8828	10041	11376	12413	13786	14740	16128	17353	18855
468	1845	2922	3873	0120	6271	7621	8829	10043	11388	12493	13830	14010	16130	17382	18861
488	1858	2994	3883	5126	6347	7623	8975	10078	11408	12502	13833	14018	16136	17451	18907
528	1868	3000	3928	5189	6386	7635	8982	10211	11499	12503	13842	14919	16162	17474	18923
543	1886	3033	4002	5216	6393	7700	8989	10230	11511	12570	13842	14915	16163	17532	18965
572	1011	3098	4063	5315	6411	7722	9014	10243	11517	12574	13864	14943	10165	17551	19010
576	1917	3106	4089	5321	6469	7775	9037	10274	11523	12580	13874	15084	16186	17556	19044
587	2048	2107	4116	5375	6601	7808	9051	10275	11626	12601	13908	15083	16194	17642	19047
594	2051	2183	4124	5378	6504	7822	9056	10285	11682	12617	13916	15126	16248	17677	19074
652	2056	3185	4184	5383	6540	7825	9054	10356	11692	12641	13933	15128	16315	17679	19108
700	2065	3199	4217	5413	6547	7910	9180	10374	11720	12689	13950	15149	16398	17708	19173
733	2085	3209	4254	5442	6619	7952	9191	10416	11726	12701	13951	15201	16427	17727	19181
846	2113	3216	4288	5508	6622	7975	9227	10458	11736	12752	14030	15210	16462	17738	19248
862	2160	3245	4306	5511	6640	7983	9240	10475	11741	12764	14054	15233	16474	17867	19278
991	2301	3266	4340	5525	6703	8038	9301	10516	11751	12807	14073	15292	16477	17890	19313
1008	2228	3330	4356	5545	6760	8089	9302	10556	11775	12842	14095	15322	16482	17933	19352
1056	2287	3333	4358	5561	6766	8096	9370	10581	11788	12935	14103	15328	16567	17957	19372
1130	2291	3336	4376	5669	6771	8115	9379	10626	11801	12987	14105	15350	16644	17962	19409
1156	2348	3362	4432	5579	6789	8119	9396	10683	11826	12968	14185	15378	16665	17984	19421
1160	2363	3366	4542	5603	6792	8126	9412	10700	11869	13001	14271	15399	16700	18106	
1213	2382	3414	4561	5652	6794	8179	9498	10741	11893	13027	14272	15456	16727	18145	
1229	2418	3439	4559	5687	6808	8245	9506	10766	11611	13045	14284	15546	16733	18180	
1286	2452	3455	4569	5696	6873	8291	9541	10777	11016	13110	14298	15562	16837	18187	
1285	2455	3472	4214	5755	6967	8299	0609	10929	11987	13139	14305	15590	16849	18208	
1305	2502	3494	4643	5795	6982	8300	9646	10936	13034	13217	14379	15630	16859	18229	
1338	2510	3530	4646	5823	6997	8335	9671	10939	12053	13270	14380	15651	16897	18237	
1373	2512	3549	4705	5840	7059	8428	9684	10945	12063	13280	14398	15652	16931	18313	

On October 17, 1985, tho Bonds designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for public aod private debts. The said Bonds will be paid, opon presentation and *surrender thereof with all coupons appertaining thereto, at the option of the holders subject to* applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in *Brussels, Frankfurt (Main) or London, or Kredietbank S.A. Luxembourgeoise in* Luxembourg, or Swiss Baok Corporation in Basle. Payments at the offices referred to above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained by the payee with a bank in New York City. Any payment made by transfer to an account maintained by the payee with o bank in the United States may be subject to reporting to the United States Internal Revenue Servico (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identificatioo number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certificatioo when presenting your securities for payment.

On and after October 17, 1985 interest sholl cease to accrue on the Bonds herein designated for redemption.

WESTPAC BANKING CORPORATION

Dated: September 17, 1985

WORLD CHEMICAL INDUSTRY

John Wicks on the importance of America to a Swiss drugs giant

Ciba Geigy builds on U.S. success

LIKE OTHER Swiss multinationals, Ciba-Geigy, the Basle-based chemical concern, has a large stake in America. Last year, U.S. turnover amounted to $2.35bn, or more than 31 *per cent of consolidated sales.* Business has continued to thrive in 1985. *The 13 per cent rise* in group turnover in the first half, to SwFr 10.6bn ($4.4bn), was dua to further U.S. growth *as well as the influence of a* strong dollar.

The significance of American subsidiaries within the group has been growing for some years, as a result of both internal growth and a long series of acquisitions. By last year capital expenditure in North America bad reached 34 per cent of *group total, or the* same as that for Switzerland *itself. About a quarter of fixed* assets are already located in the U.S. and Canada.

The past few weeks have seen a further strengthening of the American presence. Together with the Corning Glass group, the Swiss concern set up the joint-venture company Ciba Corning Diagnostics to take over the American partner's $160m-a-year diagonstics-products business. This was followed by the announcement that Ciba-Geigy had agreed to buy up the contact-lens and lens-care division of American Optical, whose turnover is about $33m annually.

Early this month, the Swiss then spent $36.8m on an 18.4 per cent stake in the San Jose laser specialist Spectra-Physics, with an option to raisa this to 51 per cent in or after 1992.

In a different type of deal last month, Ciba-Geigy obtained production and marketing rights worldwide for veterinary products developed by the San Francisco bio-technology firm, Genentech, against cash payments of $42m plus royalties.

All this does not mean that Basle believes in America right or wrong. In the second half of the 1970s, profitability of the U.S. subsidiaries was not always that up to scratch. Ciba-Geigy decided it was time to *improve earnings* and cut out dead wood, even though *America had remained in the* black ever since the Cibe and Geigy companies *merged* there in 1970.

This programme, which involved divestments and production cuts, has proved a success. Profitability improved to meet 1983 targets, and today, the re-organisation is practically over.

The most important withdrawal from the U.S. market took place outslda tha framework of tha main profit-boosting plan. Early this year the Swiss sold the Airwick household-goods division to the UK Reckitt & Colman group for SwFr 500m.

Since Ciba-Geigy bought Air*wick in 1974 it* had *never* been much of a money-spinner. *Rather than building it up by* a major acquisition, the Basle board decided to sell it to consumer-goods specialists Reckitt & Colman.

Internal growth

Although Ciba-Geigy does not publish regional earnings, it seems likely that the U.S. contribution to *group* profits is at least in keeping with the American share of consolidated sales. Profit yields in the American chemical industry are certainly substantially better than those in Europe, whereby Ciba-Geigy says it feels its U.S. activities show up well in comparison with similar American-owned operations.

The importance of the U.S. to the Swiss group should grow further. According to Dr Alexander Krauer, deputy chairman of the company's Executive Committee, Ciba-Geigy considers a turnover share of between 25 and 30 *per cent* — "We hope with a corresponding contribution to earnings" — *as a minimum.*

In the further development of the Amarican operations, the main thrust will come from internal growth. Ciba-Geigy has plenty of spare space at existing U.S. units and is investing substantial sums in such plants as *Toms River/New Jersey* and McIntosh/Alabama.

New production is closely linked with new research-and-development activity; the United States has long been Ciba-Geigy's number two R & D location. Recently, pharmaceutical labs were opened at the headquarters plant in *Ardsley/New York and an* agrochemicals bio-technology centre *at the Research Triangle Park* in North Carolina, while R & D facilities *are being* opened at the U.S. pharmaceutical division beadquarters in *Summit/* New Jersey.

What about new acquisitions? Dr Krauer indicates that these are quita possible, though without any major single take-over on the books.

"It io not out of the qnestion that we could carry out something similar to recent acquisitions in the second half of this year of the first half of 1986," he says, adding that Ciba-Geigy always has a certain number of take-over plans under study.

This summer's deals have all been typical of the policy to let acquisitions play a complementary role. Nor do they represent a real departura from Ciba-Geigy's mainstream activities in chemicals and pharmaceuticals.

The joint venture with Corning Glass at last takes the Basle company into the diagnostic sector it had long identified as an "allied business," the Swiss partner will be able to contribute knowledge gained in its burgeoning *immunological* and biotechnological research.

The Genetech link also fits in with Ciba-Geigy's attempts to find a niche in genetically-engineered products — which *would serve its existing animal-*health capabilities. The *American Optical deal expands* Ciba-Geigy's contact-lens and lens-care business—about SwFr 200m a year and based partly on an Atlanta production facility.

Possible acquisitions

The Spectra-Physics participation has more the nature of a real diversification. In fact, however, it will strengthen the Electronic Equipment Division (1984 turoover: SwFr 569m), whose Swiss member Gretag has already been working on laser research.

Growth in the U.S. looks as though it will come from pharmaceuticals, where dollar saleo already jumped by an impressive 18 per cent in the first half, and in plastics and additives. Acquisition possibilities might be composita materials and self-medication products, should any likely candidates appear.

The only problem division in the U.S. is dyestuffs. Like its competitors, Ciba-Geigy is suffering from the long-drawn-out crisis of the American textile industry. However, Dr Krauer says this sector is "not financially unattractive" as a contributor to overheads. No divestment is foreseen, he stresses. Instead, recent years have seen a re-direction of the production process, with vat dyes being cut back and azo-dyestuff capacities modernised.

MINING

Lac Minerals moves into platinum

By Kenneth Marston, *Mining Editor*

LAC MINERALS, the Canadian gold producer, is moving into platinum following the receipt of agreements to ecquire the one-third interest of Anaconda Minerals in Stillwater Mining, which owns a platinum-palladium property in Montana. The other partners in Stillwater are Chevron Resources and Manville Products.

Between them, the partners plan to spend some US$40m on mine development over the next two years. Production is due to *start by the end of 1987 at a* milling rate of 500 short tons of ore per day.

Drilling so far at the Stillwater property has outlined proven and probabla ore reserves of 400,000 tons grading an average of 0.79 oz of platinum-palladium per ton, plus possible reserves of 1.8m tons grading 0.93 oz. The ratio of platinum to palladium is estimated to be one-to-three.

● Gold output at Canada's Agnico-Eagle Mines recovered in the second quarter of 1985 to 17,331 oz from a below-average 13,383 oz in the previous three months which resulted from the milling of lower grade ore.

The half-year total of 30,714 oz compares with 31,602 oz a year ago. The full total for 1984 was 59,871 oz, plus silver production of a record 1.6m oz from the silver division.

Mr Paul Penna, the president, sayo that on present indications gold *production* in *the current* quarter should rise further to *the region of 25,000 oz* following the commissioning of the new Telbel Mines shaft.

Earnings for the first half of *this year, however,* have fallen to C$1.99m (U.S.$1.45m or £1.11m), equal to 14 cents per shere, from C$4.73m in the same *period of last year.*

NOTICE OF REDEMPTION

PRIVATbanken

NOTICE TO THE NOTE HOLDERS OF 12¼% NOTES

DUE 6th FEBRUARY, 1995

Notice is hereby given that pursuant to the terms of the 12¼% Notes, US$5,000,000 principal amount of 12¼% Notes has been drawn by lot by the undersigned, in the presence of a notary public, for redemption on the 17th October, 1985.

The said 12¼% Notes so called for redemption will therefore be redeemed on the 17th day of October, 1985 at 101% of the principal amount so called, plus accrued and unpaid interest to the date of redemption if applicable upon surrender of the said Notes with, thereto attached, all interest coupons, maturing 6th February, 1986, and thereafter at any of the following paying agents:—

- Manufacturers Hanover Limited, 7, Princes Street London EC2P 2EN.
- Manufacturers Hanover Bank Belgium S.A./N.V. Brussels Head Office, Rue de Ligne 13 B-1000 Brussels.
- Manufacturers Hanover Bank Luxembourg, S.A. 39 Boulevard Prince Henri, Luxembourg.
- Manufacturers Hanover Trust Company Stockerstrasse 33, 8027 Zurich.

Notice is also hereby given that interest upon Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 17th day of October, 1985, and coupons for interest maturing after the said date, namely the 17th day of October, 1985, shall be void.

The numbers of the Notes so called for redemption are:

00789 01237 05920 09931 11648 13148 15300 17788 19901

Also, all Notes of which the last two digits of serial numbers are any of the following:

21 23 44 50 70

The principal amount of 12¼% Notes outstanding after the said redemption date will be US$30,580,000.

MANUFACTURERS HANOVER LIMITED
Principal Paying Agent

17th September, 1985

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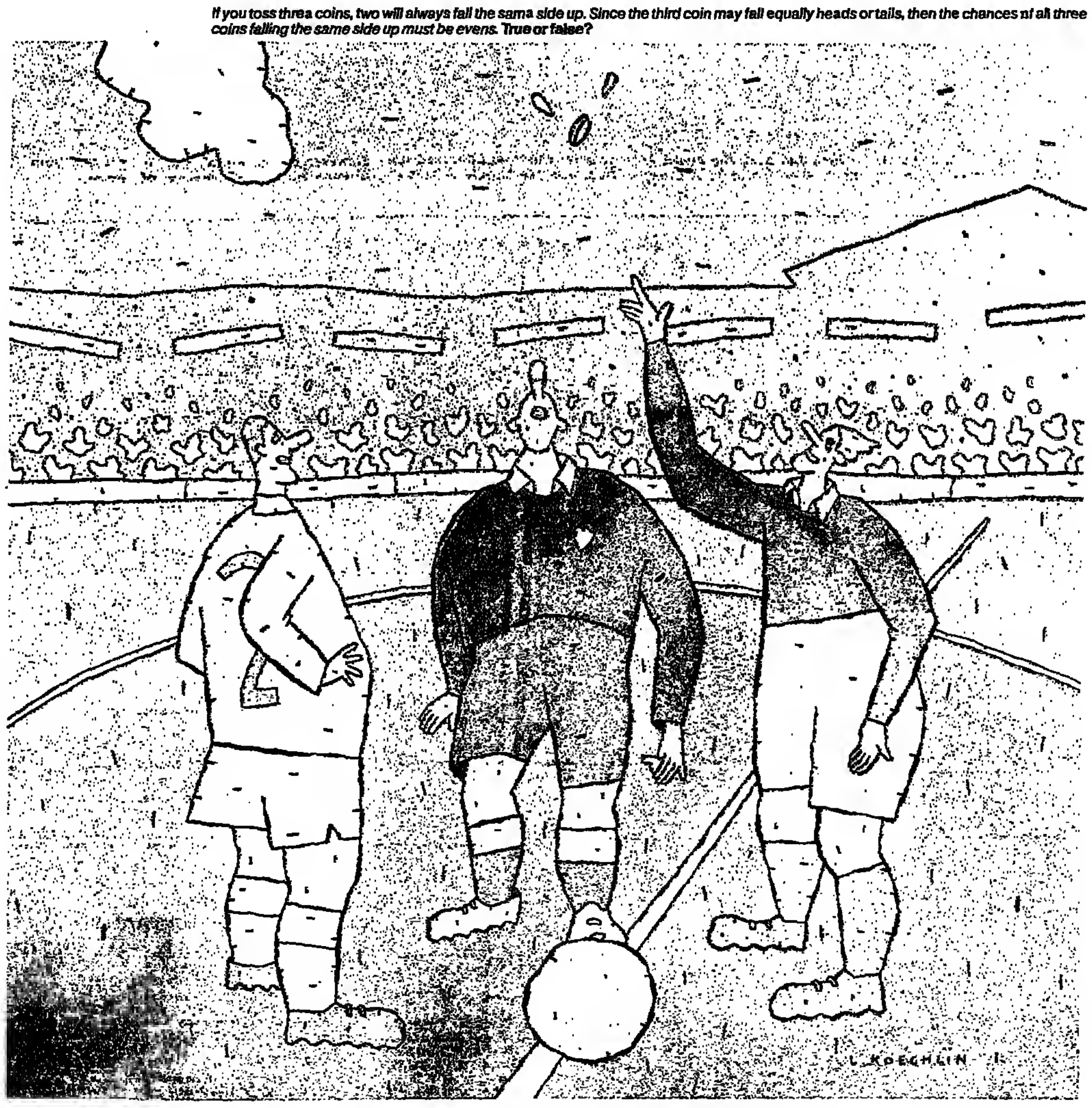

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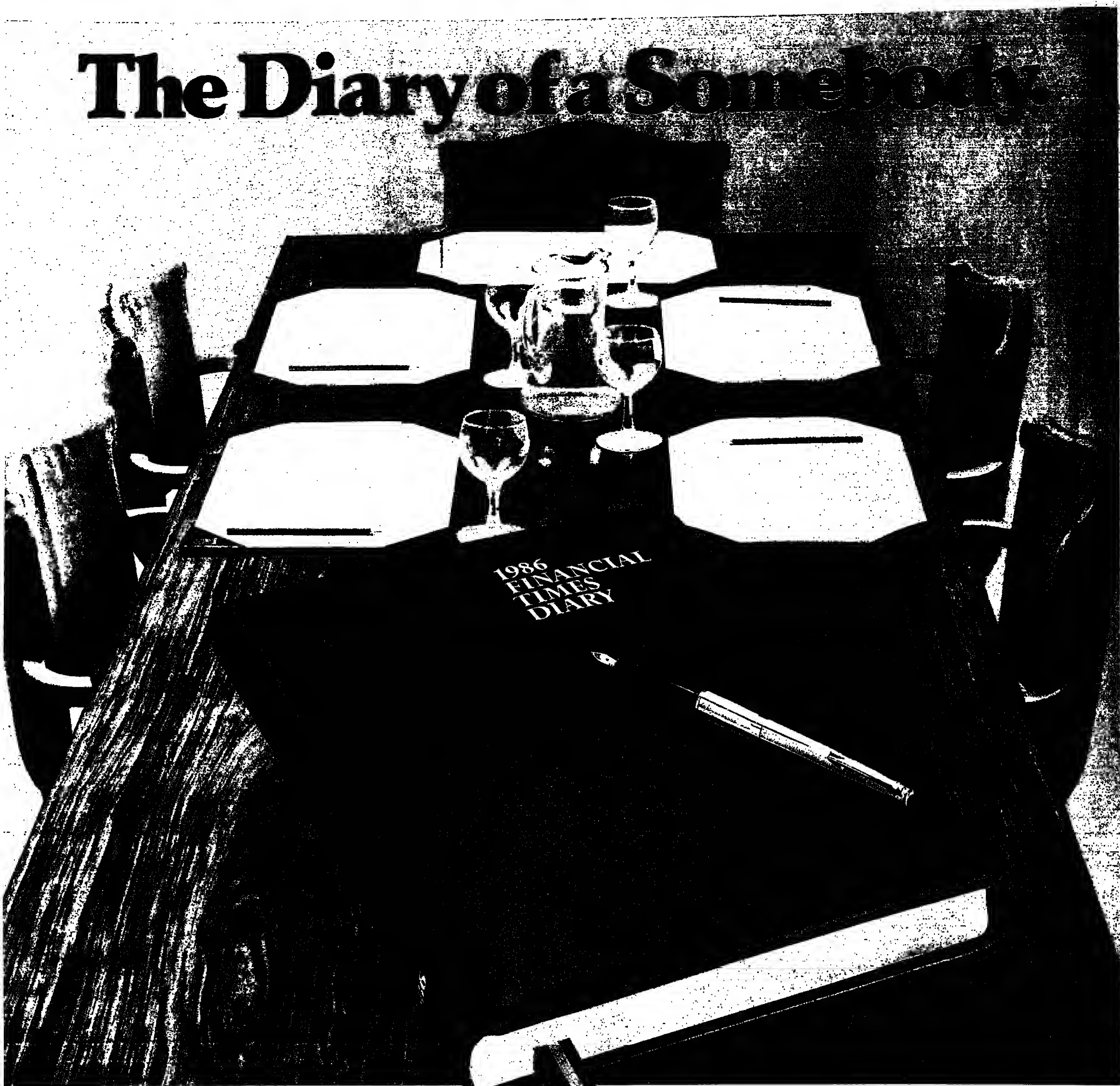

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FT REGIONAL REPORT

EASTBOURNE
AND SOUTH WEALDEN

The Sussex resort is now widening its tourist market. A shift from an ageing population to a younger one has resulted in the need to attract industry, a need shared by the surrounding area

AROUND BRITAIN

Trevor Humphries

Area that is changing its image

REPORT BY ALASTAIR GUILD

EASTBOURNE has never bad to try very bard. The large elegant hotels lining the seafront, and the substantial houses on broed tree-lined avenues stretching up to the Sussex Downs behind, bear witness to an age when personal wealth helped to build and run the town.

The harsh wind of recession, however, has no more respect for economies built on such foundations than for communities elsewhere in the country still dependent on heavy industry.

As a result the town, though still prosperous by most UK standards, is seeking to change its image as a retirement resort, and to attract more industry and commerce as well as a broader cross-section of tourist business.

In recent years, the balance has shifted slowly eway from an ageing towards a younger population. There is evidence of a gradnal increase in young people coming on to the job market, for example, while in *East Sussex as a whole there* has been a fall. This is largely a reflection of the town's housing strstegy since the 1960s, when it started expanding the numbers of family houses huilt, a trend that is now gaining further momentum.

Nevertheless, the workforce remains a smaller proportion of the population than in many towns of 80,000, with one-third of Eastbourne's population of retirement age.

The retirement sector is still one of the main pillars of the town's economy. Some estimates suggest, for instance, that for every three retired members of the community, one job is created. In hard financial terms, however, the elderly are seen by some in Eastbourne as a pull on stretched social services, without actually spending much of their wealth.

According to Mr John Macdonald, secretary of the local chamber of commerce: "The resident first sees Eastbourne as a *holidaymaker* or *conference* delegate. When he retires here, he does not see why the council should spend money on promoting tourism. But without tourism, Eastbourne would not survive."

Determined

Eastbourna Borough Council is determined, for its part, to banish the town's image as e tourist destination geared only to the elderly and as a town *too* refined for its own good. The results of a study by the South East England Tourist Board underlined the importance of diversifying Eastbourna's appeal. The council aims to do this without damaging its reputation as a quality resort and without losing the support of its "existing fans."

Horse-and-carriage rides along the seafront are an innovation it was happy to accept. Seaplane rides it rejected.

The first step was to create a strengthened marketing division within the department of *tourism and leisure.*

Eastbourne is seeking to project itself as an incentive travel destination capeble of offering the facilities required by companies wishing to reward or *motivate staff or suppliers.* To attract more families it has helped to promote a "Children Welcome" acheme with a consortium of local botels. It has also launched an educational visits package.

A £30,000 feasibility study commissioned by the borough council and the Amalgamated Union of Engineering Workers is due to report this week. It could lead to a jointly-funded redevelopment and expansion of Eastbourne's conference and exhibition facilities. The union became *interested as it is seeking* a permanent venue for its conference seminars.

Traditionally, existing husinesses have resisted the pressures for large retail space on the *town's outskirts.* The mood is changing, though, as a result of the shift toward shopping by car. Eastbourne's town centre cannot provide the necessary car-parking.

The Council is being urged to develop a policy for retail warehousing on the periphery, with strict controls on, *for example,* hours of opening, sites and the quality of tha huildings themselves. It should be a gradual process to give the town centre time to adjust.

The move by *Private Patients* Plan to Eastbourne with its large requirement for staff has *provided a significant boost* for property and it is hoped similar names can be attracted. There *is, however, very little office* space of 10,000 sq ft available, but the Eastbourne Park draft plan envisages making land available for large office developments.

One of the driving forces behind the park proposal, and the industrial promotion campaign *in particular, is Mr Alvan* Bloor, the borough council's chief executive. He typifies the new generation of town hall managers, young and very mnch aware of what industry needs.

He gained his experience working for local authorities far removed from South Coast resorts, first in Bradford, then Derby, Newport and later with Haringey in London, before moving to the South Coast in 1980.

"Eastbourne is not without its prohlems, with an unemployment rate approaching 10 per cent. But, if you look at it sensibly, yon invest in a successful husiness, and Eastbourne has been a success*ful business.* Its geography and the way the town has been laid out and maintained provides the basis for further invest*ment," Mr Bloor says.*

"New industry has to be complementary with skills and industries already here, such as pharmaceuticals and bealth care. We also want to develop high technology industries."

The town'e industrial relations record and its educational system, with a balance of pnblic and private schools, are seen as further attractions for any industry thinking of coming to the town.

Courses

The College of Arts and Technology has recently completed an extension offering courses in hotel and catering services and "heauty care"; Brighton Polytechnic has a centre in the town offering short courses and Eastbourne is the focal point for its service sector management department; and Sussex University is not far away. Such institutions are seen as going some way towards *meeting* the lack of a large pool of skilled labour in the town.

In the ahsence also of development incentives, it is the town's rather less tangihle benefits that the *council hopes* will help tip investment location decisions Eastbourne's way. Equally, the private sector is being tapped increasingly to help develop infrastructure. The Eastbourne Park project will depend largely on investment by private industry with the council providing seed money. The council is considering the formation of a joint development company to develop the park area and possibly to manage it once complete.

"I would find it difficult to make the case for Eastbourne receiving development grants, thongh some public investment should be *going* to arese with potential for creating oconomic development, which may be areas of relative prosperity. Some foreign investors would restrict their search to the South East, even without the attraction of grants," Mr Bloor states.

North America is one eource being increasingly explored, with an emphasis on the town's proximity to Gatwick. Social and cultural factors would bear heevily with U.S. companies looking for somewhere to invest, it is felt.

Reason

In general, however, Eastbourne lacks good communications, especially hy road. This was perceived as a major reason for Birds Eye Wall's decision to relocate its factory, with a loss of 900 jobs in the town. This will continue to be a disincentive for any industry dependent on transporting bulky products round the country. The industries already in Eastbourne either export expertise or relatively small, high-value products.

The A22 alignment through Eastbourne Park, financed by East Sussex County Council, will, however, open up areas zoned for industrial use, some since the early 1960s. The statement in the Government's recent roads programme that *tourism would be considered* a reason for priority must have bolstered Eastbourne's case. Tho Uckfield bypass, due for completion by the end of 1985, should provide relief for motorists beading for the coast.

Finally, and as sure as the precise beet of the conductor's hston from Eastbourne's seafront bandstand podium, the recent elevation of local MP Mr Ian Gow to the Treasury, and its possible significance for Eastbourne, is unlikely to beve boen missed by those in the town's corridors of powar.

PROPERTY MARKET

Paradox of rent levels versus demand

EASTBOURNE'S estate agents are scratching their heads. With rents for office space in the town standing at about £4 a square foot they are convinced that a number of companies would like to relocate at least part of their operations from central London, where they can pay anything up to £25.

Some companies, in publishing, for example, have already been attracted down to the Sonth Coast, encouraged by modern communication links.

Bnt there lies the paradox. *That demand for large office* space in the town has not yet fully expressed itself. So rent levels are suppressed. Therefore it is not seen as cost-effective to huild the office space required.

"Our next joh is to attract developers to Eastbourne, but no one will build speculative buildings unless they can pre-let," says a slightly bemused Mr Neil Cleverton of Stiles Horton Ledger. "Once rent levels start to climb, as they are now doing, we hope to reach *the stage* where it becomes cost-effective for developers.

"My guess is that any expansion will take place in the existing office area in the town, where there are four sites capable of individual development."

According to Mr Cleverton, it is too early to say what effect the Eastbourne Park project will have in attracting developers. There *could be* room for units of 40,000 sq ft plus but again present rents would *not meet building costs.*

Meanwhile, demand for the smaller office suites is begin*ning to exceed supply,* which should push up rents from the present level of £5 sq ft and encourage more refurbishment, says Mr Cleverton.

In the retail sector, demand and supply are running together. In 1983 demand exceeded supply. "Rent and rates still compare favourably with other South Coast towns," says Mr Clive Jones of surveyors and estate agents, Bracketts. "*Habitat* and *Laura* Ashley are just two outlets which would do well here. *Eastbourne is often underrated* by companies who view it from afar. It has e young to middle age professional population not yet catered for."

According to Mr Jones, huilding retail warehouse stores in the range 40,000 sq ft would help attract more shoppers to Eastbourne. "Provided it is properly controlled, it could make the town more of a regional shopping centre. For instance, we would sttract more people away from Brighton, with its traffic *chaos.*"

Mr Cleverton agrees that "there is a great future in Eastbourne for retail warehousing, provided the council'a ettitude is right.

"There are already seven or eight companies interested in moving to the town's outskirts. I don't believe that existing high street shops would suffer as a result."

EASTBOURNE 2

EASTBOURNE PARK RECLAMATION

Leisure plan under way

EASTBOURNE PARK is the largest single project that the town is likely to undertake this century, and the biggest single land reclamation scheme in the south-east of England.

The plan is to provide a large recreation park, a country park within the town with extensive woodland and lakes that offers leisure facilities such as wildlife areas, footpaths and cycle ways, new playing fields, sports stadium and an equestrian centre.

It is hoped to provide a wide range of water sports facilities including sailing, rowing, canoeing, model yachting and angling.

The Park is also the flagship of the town's efforts to attract industry and commerce. But that is perhaps hard to believe, just looking at the low-lying area scheduled for development.

The draft plan makes provision for two commercial development sites, retail warehousing, a garden centre and residential development.

Though it is near the town's residential zone, one of the major hurdles facing any development would be the need to eliminate all risk of flooding over the two square miles. Drainage difficulties have been aggravated by recent building in and around the Park.

Another issue, yet to be resolved, is that of financing the provision of infrastructure. The borough council believes that the project should be self-financing. At present the wet grazing land has a value of only £1,000 per acre. The betterment of an existing site for a new use, such as a science park, will contribute, the council believes, to the development of the whole.

"Landscaping will be an essential part of any industrial development," says Mr George Williams, the borough development officer and engineer. "Developers will contribute to the cost of landscaping and services, though it is not yet settled in what proportion.

The council hopes there will be quite e few grants available, for instance from the Sports Council, the Forestry Commission and Nature Conservancy Council. "All those bodies have indicated their interest, and the Tourist Board recently gave a grant of £150,000 for indoor tennis courts in the Park.

The council hopes to attract mainly companies dealing in expertise with 3,000 permanent jobs provided in the Park.

East Sussex County Council has already agreed to pay for n new route for the A22 through the park, connecting the town centre and industrial areas with the A27, the main east-west road to the north of Eastbourne.

"We already give rapid planning decisions. The council is always in the UK's top 10 for the number of applications processed in an 8-week period and we will be speeding np the planning process for applications within the park area."

Logo for a project that may stimulate 300 jobs

A park joint development company may be set up by the council. Anyone who contributes land to the development will take e share of its enhanced value. "The assumption is, of course, that all land will be enhanced, so sueb a company might work better if only a small group of owners got together," Mr Williams says.

The council hopes to present a revised proposal in the New Year, incorporating any comments or objections to the draft plan.

Councillor Maurice Skilton, leader of the council, says: "The project will give the council the opportunity to encourage much-needed employment in the borough and will also provide a timely boost to the town'o tourist industry.

TOURISM AND CONFERENCES

Marketing: the key to growth

EASTBOURNE'S large hotels face a dilemma—how to fill their rooms. They could take more package tours. But people on package tours don't spend as much as full paying guests and, it is feared, could in the long term detract from the town's reputation as a resort of style and elegance.

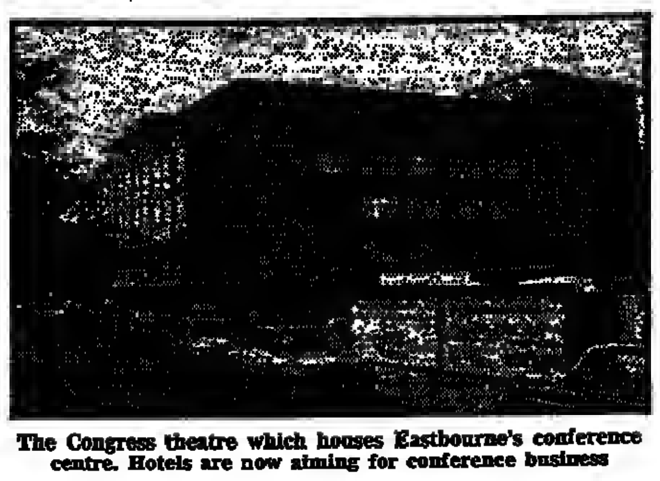
Conference business is one way out and is being explored by the three largest hotels, part of the de Vere group. Conference delegates spend three times more than the ordinary Eastbourne holidaymaker, suggests one recent study.

"The Cavendish was late to realise that conference business is the way to go, and that tourism is no longer a major part of our trade," says Mr Howard Fradley, that botel's general manager.

Holidaymakers were in the majority two years ago, though the season was limited to Easter, the summer months and Christmas. Now, two thirds of the Cavendish's business over the year is provided by conference delegates. They often bring their families and make a holiday of it, contributing £1.2m to the botel's revenue.

The Cavendish itself hosts national conferences and this year is the venue for an international gathering of radiologists. A sales team also markets the hotel to companies running training courses, especially in information technology. British Telecom is one of its largest clients.

The group is spending more than £500,000 on refurbishing the hotel's lounge, restaurant and bedrooms.



The Congress theatre which houses Eastbourne's conference centre. Hotels are now aiming for conference business

"Our strategy is to aim for the exclusive end of the market in organised tours," says Mr Fradley.

He does not think that the Cavendish, the Queens and the Grand are necessarily in competition for conferences or training courses. "They each have their separate identity."

The Cavendish can eccommodate up to 220 delegates in its meetings rooms. The Queens has nine smaller training rooms, while the Grand has arguably the best conference room in Europe.

Though the Grand's private clientele continues to be important, 65 per cent of its business comes from conferences. "The balance is almost right," says the hotel's general manager, Mr Peter Hawley. It sold 34,000 conference sleeper nights and 18,000 private sector nights last year, and has just spent £1.2m on refurbishment. That figure includes £300,000 on a new leisure club in its basement and £250,000 on a conference room with sophisticated lighting and audio visual presentation techniques. It is also spending £75,000 on computerising the reception office in the botel.

The Grand is often headquarters botel for the lerger town conferences, but is itself hosting more and more national sales or senior management conferences, for example American Express, CBS Records, Fords, and IBM. In addition, a number of pharmaceutical companies leunch new drugs to their sales force in the hotel.

Mr Hawley says: "They come here because it is all under one roof; they have a captive audience; Eastbourne offers fresb air; and it is not far from Gatwick or London.

"Bnt the outcome of all this investment depends on the town marketing itself. There is a limited demand for very large conferences, so Eastbourne should develop the market for up to 2,000 delegates and leave the other centres to fight for the larger gatherings."

There are signs that the town is taking its task more seriously. The local borough council is strengthening its conference marketing and production service and has appointed a conference researcher to strengthen the conference sales team. Soon it hopes to take on a sales manager, with a team to arrange conferences.

In the past year, the Eastbourne Hotels Conference Consortium has also increased its marketing effort. The group consists of council and hotel representatives. The idea is jointly to promote the town's conference and exhibition facilities.

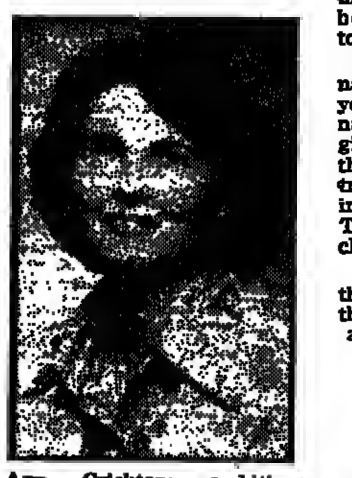
The borough council has commissioned jointly with the Amalgamated Union of Engineering Workers n feasibility study that will assess present facilities in the town and the need for additional conference and exhibition suites on the site of the existing complex.

Eastbourne's conference season, last year worth £6m, is being extended through to mid-July. From 1986, hotels could improve their occupancy rate in June and July and the town is now competing for hitherto university-based conferences.

Eastbourne is already taking bookings for the 1990s. "There is tremendous scope to improve business for the town," says Mr Michael Mitchell, director of tourism and leisure. "It is a work-intensive operation, but we are building up the research and marketing effort and our rewards will come from that."

PROFILE:
ANN CRICHTON

Broker brings change



Ann Crichton: ambitious suggestions

AS MAYOR of Decatur in America's deep South, Ann Crichton put herself "out on a limb," supporting a controversial plan by a Texas developer to redevelop downtown Decatur. The plan died after local residents argued that it would change the small-town atmosphere in the city.

Now living in Hove, she has different but no less ambitious suggestions for Eastbourne. "The town is an undiscovered tourist market. It has to change from being a seaside resort just for English holidaymakers to a destination for upmarket tours from America. They would use Eastbourne as their base, going out to visit English vineyards, sample English cuisine and learn about 1066 country."

Another of her ventures, with the locally-based English Wine Centre, is the promotion of English wines in the U.S.

Last September, Ms Crichton established her own international consulting company in East Sussex, to help South Coast towns like Eastbourne market themselves in America, both as tourist attractions and as places for inward investment by U.S. companies. She is also assisting UK companies which want to do business across the Atlantic.

"I help them with locations, site selections, closing the deal, cutting red tape, immigration for key personnel, and finding financial advisors and local workers. Essentially I'm a broker."

She uses the many contacts made as mayor of Decatur and, after 1980, as then-President Carter's regional director of the Economic Development Administration covering eight states, based in Atlanta. She then joined Peat, Marwick, Mitchell as a senior consultant.

"Eastbourne wants to take a real good look at itself, to make sure it knows its weaknesses and how to correct them. I'm thinking perticularly of the need for better transportation links. Then it must target particular sectors, such as high tech and pharmaceuticals, and work hard te attract those industries."

On balance, she feels that high technology U.S. companies would be attracted to Eastbourne, as a place to live, irrespective of the lack of development incentives.

"This community has not had to go ont and look for investment, but now realises that it has to attract tourists from overseas to keep its serviee industry viable. It is also realising the developing problem of unemployment mnch earlier than some other areas. But if Eastbourne doesn't take the next step, then U.S. companies may go elsewhere."

PUBLIC SERVICES

Strong drive to commercialise

THERE IS a thin dividing line in Eastbourne between public and private enterprise. Wherever practicable, the local borough council is handing over the running of services to generally antonomous boards. In other areas, such as housing, Eastbourne Borough Council is working in partnership with industry to develop local infrastructure.

In transport, Eastbourne has gone perhaps further along the commercialisation road than any other borough. It was the first local authority to set up a board to run the local buses, a concept further developed in the current Transport Bill. It is reputed, incidentally, to be the oldest municipal bus operator in the world.

Respond

The board, operating 50 buses and coaches, has seven elected members and is autonomous, except for decisions on fares and capital investment. "The wonderful thing is that the board can go out and respond to the market," says Mr Roger Bowker, general manager, Eastbourne Borough Transport.

Subject to the passing of the Transport Bill in October, EBT will become Eastbourne Buses Ltd. At present, it is in competition with two other stage carriage operators in the town. "There are no formal agreements with the other operators and we don't know whether they will provide any new services. But we are ready to meet any competition."

The borough will bold the majority of shares in the new company and would have the power to sell its shares so that Eastbourne Buses could go wbolly private, though the council has not yet finally decided.

In preparation for its new-found freedom, the board set up a route-costing system," each route being assessed for its commercial viability.

"The government maintains that cross-subsidisation has stinted growth. I believe that the government is not against financially supporting social bus services, but that profits from services at good times of the day should not be used to prop-up services which lose money. These should be paid for through the rates, subject to tendering, and revenue ploughed back as investment in new buses and equipment to enable operators to keep ahead.

"Though this may mean an increase in public spending on transport, at present it is the bus company which is taking on the social conscience of the town by operating loss-making services. We make no profit from running buses. Once loss-making services are sorted out, we will.

"The government is also keen that loss-making but socially desirable services should go out to tender, whereas now EBT is given those services as of right. We will then compete."

Tbe board has set up, in addition, a separate company, Eastbourne Coeches, to provide private coacb hire, MOT testing and bus tours. Profits from these ectivities will be re-invested in new buses and coeches with a view to cascading those vehicles down to the ordinary bus fleet in later years.

"The bus company will have the opportunity to buy good value secondhand vehicles which will in turn give it an edge on other stage carriers," says Mr Bowker.

Franchise

And EBT has just taken a franchise on a parcel despatch post from TNT Road Freight (UK), and is incorporating this into its MOT testing station. Eastbourne companies can bring parcels to EBT and the carrier, TNT, then collects them from EBT which charges a commission for handling the parcels.

In housing, the council is working in partnership with private developers. Rendalls, for example, has built 48 houses for the council, for sale at cost. Prices range from £21,100 for two bedrooms to £26,000 for three bedrooms.

The council is offering these bouses also on shared ownership. For e £21,000 house, the occupier would pay £31 per week in mortgage repayments and rent. The other balf of the bouse is owned by the council.

The council is ebout to inaugurate a "do-it-yourself shared ownership" scheme. Anyone on its waiting list, or any existing tenant, will be able to go out and find a bouse costing anything up to £35,000 and the council will buy a share in the dwelling.

"We are trying to put bonse ownership within reach of lower income groups," says Mr Peter Kegg, director of housing, health and community services. In 1979, East Sussex was third from tbe top of the country's bouse price list, but third from the bottom in male earnings.

"It remains essentially true thet it is a low-income area and that house prices ere comparatively high. So the thrust of our policy is to solve the housing problems of locally-employed families, especially young families with children."

Sixty houses are under construction on a green field site and the council is about to let a £4.5m contract for 160 more houses and flats.

"We are very concerned about the quality of the environment on such estates. Houses are semi-detached with double glazing and parking alongside, and they don't cost that mnch more to build than the traditional terraced home."

The council has also improved 700 bouses since 1982. It offers tenants a full choice of improvements based on modular modernisation techniques. Tenants can design their own internal layouts, with rent increases related to the cost of improvements. The work is carried out by a private contractor, with the average cost per house of £3,700.

"Typically, improvements take no more than three months. We are aiming to cut red tape and increase tenants' choices. This was an older-pre-war estate where nobody wanted to live; now there is a long waiting list.

"Eastbourne bas elways done everything to maximise capital receipts and to minimise capital expenditure."

THE DEVONSHIRE TRUSTEESHIP

Presence of the Duke

ARCHITECTURALLY et least, Eastbourne's splendid seaside facade end your average advanced feetory unit may have little in common. But both are reminders of the Duke of Devonshire's presence in, and influence on, the town.

To explain: in 1782, Lord George Cavendish, the 4th Duke's second son, married the daughter and beiress to the Marquess of Northampton, who owned two-thirds of the parisb of Eastbourne. In 1849, when the railway errived, the 7th Duke set about the town's development, including virtually the entire seafront. He granted long leases over many of those properties.

However, in Eastbourne, unlike many other towns and cities, the lessee had the right to buy the freehold within 10 years of the grant, while the Duke could take out restrictive covenants.

In 1899, for example, the trustees obtained a court injunction to prevent a Mr Brookshaw from using his premises as a fish shop.

Approval

The Trustees of the Chatsworth Settlement, who today look after the Duke's interests in Eastbourne, still administer covenants over much of the town, including the sea front. Anyone wanting to alter a building or change its use has to meet with the approval of both the Trustees and the planning authorities.

"We still influence things, mostly we feel for the good, but I suspect with less ferocity," says Mr Richard Wainwright, agent for the trustees.

Up until the 1950s, the agent had a total staff of 60. He now has two assistants, and devotes one day a week to estate duties, working the rest of the time as a partner in estate agents Strutt and Parker.

The trustees' landholding in the area has substantially diminished, bowever. From 12,000 acres in the middle 1800s, they now own ebont 1,000 acres. One of the largest areas forms part of Eastbourne Park, which the council bopes will be developed for mixed industrial, commercial and recreational uses. The trustees have already agreed in principle to co-operate in the scheme.

They also own parts of the exciting industrial estate on the town's outskirts where, over the past 15 years, the trustees have built 17 speculative factory units. The latest unit, of 10,480 sq ft has been let at an annual rent approaching £50,000.

"For many years, there have been tax incentives for private landowners investing in industrial buildings, though that will end in March next year. The units have also provided income and a hedge against inflation, certainly in prosperous parts of the country.

"The Duke sees Eastbourne as a long-term investment, though for 100 years it has been more a case of selling land. The family also wants to do what it can to improve things," says Mr Wainwright.

The great bulk of the land disposed of has been sold since 1950, when the 10th Duke died, aged 55, a few days too early to save a vast amount of estate duty following a gift during his lifetime. At that time, the continued ducal interest in Eastways of raising money to pay duty were devised. Good management and inflation belped but much land had to be sold.

Now the two major sources of income for the estate are the factory units and gravel extraction in the Crumbles, with the trustees' income based on a royalty on the amount of gravel quarried.

However, the Crumbles has for some time been earmarked by the trustees for something more ambitious. In the early 1970s the Eastbourne Harbour project was conceived. In 1975, the enabling legislation was defeated in Parlament, though it eventually received the Royal Assent.

Speculative

"Before they could even start developing the inland site for housing, the trustees had to raise £50m to build the barbour. That sort of development is extremely speculative."

"Despite contacts at national and international levels, with the trustees prepered to enter into partnership with any developers, no one has come forward."

The trustees are now investigating the development of the area without a harbour initially but leaving open the possibility of building one at a later date.

"I hope the Chatsworth Trustees still have a part to play in the years to come," says Mr Wainwright. "But I suspect it will not be quite such a glamorous or important one as the role played by the Duke and his advisers 100 years ago. In those days there was a curious blend of feudalism, liberality, benevolence, entrepreneurism and, I believe, good management which bas made Eastbourne whet it is."

EASTBOURNE ENTERPRISE AGENCY

Essential advice service

IN JUNE 1983 Birds Eye Walls announced that the production of its frozen cakes and desserts would move to its Gloucester factory in spring 1987 as part of a restructuring programme.

Even with four years' leeway, Eastbourne Borough Council lost no time in planning for the loss of 900 jobs in the town. One of its first initiatives was to support the formation of the Eastbourne Enterprise Agency (EDEAL). Birds Eye provided the agency with an office and secretarial support.

"So far we have been concentrating on getting small businesses started and saving others from collapse," says Dr Fred Hamblin, EDEAL's director.

EDEAL is one of a number of similar agencies to spring up in East and West Sussex. It provides free confidential business advice on starting up, expansion and the advantages of the area as a whole. It also alerts business people to courses and seminars and promotes collaboration and exchange of information with other businesses.

So far nearly 270 EDEAL clients have been counselled and about 50 jobs have been created or saved. New inquiries are being received at a rate of 10 per week, 70 per cent of them about ways of raising finance and 10 per cent about ways of obtaining premises and planning permission.

Inquiries have ranged from one client wanting to manufacture a plastic clip to another considering setting up an aerobics school, to yet another seeking marketing advice on car windscreen engraving.

"We are now talking about trying to attract firms from Europe to set up subsidiaries in Eastbourne. But unless we have more resources, both of time and money, we will not be able to tackle overseas promotion. It might be possible to link up with the borough council on a European promotional trip."

Countries mentioned by Dr Hamblin as possible targets include Switzerland and Germany. During the 1960s, he was chairman and managing director of ICI in both countries, responsible for the sale of all ICI products and for advising on acquisition and the construction of new plants.

More recently, Dr Hamblin served as honorary chairman of the Federation of Sussex Industries and is now its president. He has also led two overseas missions to the Gulf States and to South Africa.

He still maintains contacts with Germany and is vice-chairman of the Anglo-German Society, and of the British Chamber of Commerce in Germany.

On of his first priorities has been to help local companies wanting to export, advising on government aid, on overseas market research, grants, agents and BOTB missions.

He also feels it is important to keep in close touch with other organisations giving assistance to businesses to avoid duplication of effort.

The agency keeps an eye out for any existing businesses in the area running into difficulties and "tactfully offers assistance. We also want to identify the infrastructure, transport and planning needs of local businesses and to bring them to the attention of the appropriate bodies."

EDEAL has set up a Small Businessmen's Club. The first two meetings each attracted over 90 people employing fewer than 50. They meet to exchange ideas with others in a similar situation to themselves and hear success stories. The agency hopes that, in addition, the club will encourage inter-trading, collaboration and even mergers between small businesses.

Much of what has already been achieved might not have been possible without the long breathing space provided by Birds Eye, says Dr Hamblin.


Fred Hamblin: keeping in close touch

PROFILE: SSP PUMPS

Workforce a strong asset

THE NEXT time you turn on a tap in New York, spare a thought for an Eastbourne company, SSP Pumps. It has provided its products for 75 per cent of that city's water treatment and primary sewage system. It is also the largest supplier of rotary lobe pumps to Japan, with annual sales of over £300,000.

Seventy five per cent of SSP's production is for export, but it also sells to all the major UK water authorities. The food, beverage and pharmaceutical industries are other major users.

According to Mr Ken Smith, its managing director, the company's success has been based largely on the co-operation of the workforce over the introduction of new working practices.

Over the past two years, SSP has spent £1.5m on automation, introducing numerically controlled (NC) machines and computer-based design systems. It doubled its turnover without increasing the workforce and has gone from zero return on capital employed to 25 per cent return since 1983.

The company has bought additional factory space and aims to double production without adding more than two or three employees. At present, 50 per cent of machining production is numerically-controlled. By 1985, that will rise to 85 per cent.

Willingness

"In Eastbourne there is a tremendous willingness to learn," Mr Smith says. "There is no deep-rooted union base objecting to automation. Some of our competitors in other parts of the country do not have such flexibility.

"There are minimal layers between management and workforce. There are no lines of demarcation, either. An employee could be operating a machine one day, in the paint shop the next, and on the assembly line the day after. So I don't need to employ people who are not fully occupied for 40 hours a week."

As its part of the bargain, SSP offers employees a cost of living agreement and they can earn between three and four per cent additional points directly related to the company's profits in the year of achievement. Profit share is not consolidated, so that if the company makes a profit one year, employees receive their share that year.

"All of the 87 shopfloor staff are trained in-house. Every job which we planned to have up and running in nine months we have had up and running in three."

PHARMACEUTICAL INDUSTRY

A search for more business

EASTBOURNE wants more industry, though not at any cost. It never has had mills, mines, foundries or refineries and does not want to start now. Instead, it is seeking to build on an established base of "clean" industries, such as pharmaceuticals and cosmetics.

Revlon Health Care (UK), part of the U.S.-based multinational, with a workforce of 380 on two sites, is the largest employer in the town, after the Dental Estimates Board, Bird's Eye Wall's and the local authority.

When, last November, Norman Fowler announced the Government's plans for limited list prescribing, the irony was not lost on Mr Ken Fitch, Revlon's UK chairman and managing director. Not long before, the Secretary of State had opened a new sterile plant and updated and extended production facilities in Eastbourne, partly to manufacture two of the drugs left off the list.

Revenue cut

Since the announcement, Berk Pharmaceuticals, part of the Revlon group, claims to have lost 70 per cent of its business in Asilone and Mucodyne. "Nearly 100 jobs were lost due to the cut in revenue, jobs in manufacturing and other support functions. Last November we stopped all recruitment, though with early retirement there were very few redundancies," Mr Fitch says.

For marketing purposes, Revlon has kept the names of the companies it bought in 1975 and 1977, Berk Pharmaceuticals and Armour Pharmaceuticals respectively. They had a combined annual turnover last year of £40m.

The group is currently awaiting the result of an appeal against the delisting decision, and says that it could quite easily fit Asilone and Mucodyne back into its line. The new advisory committee to the Minister meets on September 24 to review the appeal.

"The company has reacted to the delisting in the search for new products," says Mr Fitch. "In the U.S. we are now heavily involved in research into the cardio vascular area, which should yield results in some two years' time. This drug would be manufactured in Eastbourne, and we are always on the lookout for drugs to manufacture on licence."

Eastbourne's cosmetic companies have suffered no such setbacks, however temporary. Intergen Beauty Products, the soap and toiletry manufacturer, which five years ago had a staff of 65, now employs 120. Its annual turnover in 1980 was £1.5m. Last year it reached £5.6m.

Soon it is to market a control-of-infection and hand cleaning system developed by the Professor of Microbiology at the local General Hospital. The nurse, doctor, dentist or vet first uses the anti-bacterial soap to remove major contamination, and then applies a hand lotion containing anti-bacterial agents.

The company bought its present factory of 35,000 sq ft in the early 1980s, and installed additional liquid filling plant for making shampoos, hand lotions and creams. According to Mr Graham Robinson, Intergen's managing director: "That side has developed dramatically. With the addition of another soap line last year, we are again short of space." The company manufactures 45m tablets of soap and over 4m toiletry products each year, mainly as an own-label contract manufacturer for supermarket chains.

Mr Robinson expects toiletry production to rise to 20m pieces over the next five years. He predicts a small increase in Intergen's workforce in six months' time, though with more investment in automated machinery. The company has already spent £150,000 this year on filling and capping equipment.

Optimistic

With Eastbourne's proximity to Gatwick and sea ports, he is optimistic that exports, currently 20 per cent of production, will increase, particularly to Canada and the U.S. The company has just signed a contract to supply U.S.\$2m of soap to North America.

"My only reservation about Eastbourne's drive to attract more pharmaceutical-type companies is that they tend to target companies already here for staff. It is the companies that pay their staff more that will hold on to them.

"Ordinary health care product companies normally cannot afford to compete with the rates offered by drug companies, so our short-term profitability might be threatened if we had to pay our staff more to keep them."

Whenever he has had to recruit one, Mr Robinson has also been concerned by the apparent dearth of good engineers in Eastbourne.

According to Herr Klaus Jerzembeck, technical director of Goldwell (Hair Cosmetics), the cosmetic industry benefits a town like Eastbourne without, at present, a large pool of highly-skilled workers. "Our general workforce can be trained fairly quickly," he says.

Goldwell, a German-based company, has progressed from 2,000 sq ft of factory floor space in 1971 to 75,000 sq ft in Eastbourne. Next year it expects to add 20 to its present workforce of 80 as it completes its first export orders for Belgium, Holland and France.

Eastbourne must welcome prescriptions such as these.

SOUTH WEALDEN DISTRICT

Better dialogue with industry

SOUTH WEALDEN is perhaps the last place anyone would expect to find problems of unemployment or dereliction.

True, by national standards, the district has escaped lightly. And, in Merrydown, the wine and cider makers, it has a company which last March announced pre-tax profits of more than £1m for the first time in its history.

But the district does have several industrial sites which, the council felt, had been vacant for too long. And there are comparative employment black spots, such as the remote rural villages where there are few prospects and poor communications.

In 1982 Wealden district council decided to draw together the range of services it provided to deploy them in support of commerce and industry. It wanted to encourage a healthy growth of start-up firms and to recognise the changes taking place in surrounding employment centres, for example the closure of Birds Eye Walls plant in Eastbourne.

Two years ago it established "the four cornerstones" of a new approach. First, it set out to improve dialogue with industry and commerce. An economic development officer was appointed, to make contact both with others giving advice in the industrial field and with industry and commerce itself.

A good relationship and dialogue was developed with, for example, the Council for Small Industries in Rural Areas, the Federation of Sussex Industries and the South East England Tourist Board. It has already proved helpful to be able to hand inquirers on to exactly the sort of help they are seeking and the district council is now a financial supporter of some of these organisations.

Groups of councillors are to visit companies in the district to see for themselves the working conditions and problems faced by industry, with the first of these visits arranged for this autumn. The council is to reciprocate by holding a reception to draw together some of the lessons learnt.

It has taken part in exhibitions, such as the South of England Show and an exhibition of converted farm buildings, to show both the agricultural and small business community what can be achieved by imaginative re-use of redundant facilities.

The council has also worked with the private sector to encourage development and is dealing with a range of issues, from new town centre developments, to by-passes, and a relocated railway station as part of its promotion and publicity campaign.

At the same time, however, the council notes that while it is prestige sites in the district which attract attention, the "bread and butter" cases are also very important in a rural area.

As planning authority, Wealden handles more than 4,000 building regulation and planning applications a year. The speed of determining planning applications has been improved, but the council considers that it might be helpful to do more than simply make decisions.

One possibility being considered, where it is necessary to refuse permission, is to accompany the refusal notice with a letter from the employment development officer explaining the decision in less formal language, and suggesting alternative sites in the district or elsewhere where the development might be acceptable.

Inolvement

The fourth prong of the council's new approach is a far greater involvement with the work of other agencies in the area. For example, staff have worked closely with the Eastbourne Enterprise Agency on a range of projects and are now involved in researching the possibility of obtaining EEC funding for retraining courses to be organised by the agency. They are also developing a publicity campaign to produce an improvement in Eastbourne's transport links with the rest of the South East.

In addition, the district council has been instrumental in establishing the Great Weald Enterprise Agency to be based in Tunbridge Wells/Tonbridge.

The council considers it may be possible to facilitate small-scale tourist enterprises in the district. The main prestige project, however, is support for the Royal Greenwich Observatory in its attempts to develop Herstmonceux Castle as a tourist attraction and conference centre and the council has offered financial and other assistance towards this.

The council is pursuing developments of its own, such as the creation of a business park in Maresfield, and hopes that it can encourage others in the district to develop successfully. Considerable efforts have been made to redevelop a former depot as a suite of nursery starter units, and this concept may be repeated elsewhere in the district.

The information and advice service is expected to grow, and promotional activity, especially in support of tourism, is also likely to increase.

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Tuesday September 17 1985

Mrs Thatcher strikes back

SINCE the world of spying and intelligence is, by definition, intended to be secret, it is impossible for the outside world to judge, in any detail, the respective merits of the tit-for-tat expulsions by Britain and the Soviet Union. On circumstantial grounds it strongly looks as though the UK had much stronger justification for its original expulsion of 25 Soviet citizens, than Moscow did for its retaliation; it follows that the UK also had some justification for its counter-retaliation. But the episode can only cause concern at the damaging impact on UK-Soviet relations, at a time when both governments have ostensibly been trying to get on better terms; more particularly, it could sour the international atmosphere in the run up to the crucial summit meeting between President Reagan and Mr Mikhail Gorbachev.

We have not been told what exactly the first contingent of 25 Soviet citizens had been up to. But since the British Government has declared its desire for better relations with the Soviet Union, it had no possible incentive for expelling them gratuitously. The timing of the expulsions may have been triggered by the defection of Mr Oleg Gordievsky, the former KGB chief in London, but that does not mean that the substance of the British complaints against the 25 was unfounded.

By contrast, the Soviet retaliation was transparently and exclusively a retaliation. To charge that a newspaper correspondent, who had only been in Moscow three weeks, was spying defies all credibility. The very transparency of the retaliation may have been intended to impress the British Government with the toughness of the new leadership in Moscow; but it was not likely that Mrs Thatcher would fail to respond to toughness with toughness.

In theory, there is an unwritten rule of "proportionality," by which sanctions against a foreign country's diplomats are measured in relation to the overall size of its representation, official and unofficial. By exactly matching the British total of 25, the Soviet Union ostentatiously broke this unwritten (and unenforceable) rule. Such an infraction would not, in itself, justify Britain's counter-retaliation; but it would justify the additional expulsions of other Soviet citizens who had engaged in spying, but whom the security services might in other circumstances have been content simply to keep under observation.

It may be legitimate to speculate whether all these Soviet citizens can really have been engaged in activities which seriously threatened the security of the British state. It is, after all, the business of diplomats and journalists to glean information, including information which is supposed to be secret, about their host country. There may therefore be a case for a degree of tolerance of low-level intelligence gathering, provided it is kept under observation. The sheer size of the Soviet contingent suggests that this was, indeed, the policy the British Government had been following, at least in some cases. Yet the intrinsic secrecy of this kind of business, even if low-level and relatively innocuous, makes it impossible for the layman to reach an informed judgment.

Defection

Yet this episode comes on top of a series of parallel episodes, in West Germany and the U.S., which indicate that the Soviet Union and the East bloc allies engage in spying on a massive scale. Whether this really serves their long-term interests, only they can judge; but the defection of a leading spymaster must be a blow to their intelligence network, and the repeated exposure of their penchant for wholesale spying can only undermine the credibility of their protestations that they seek better political relations.

It is not probable that this incident will inflict any direct damage on the prospects for the Reagan-Gorbachev summit: for both leaders, the stakes in Geneva are too high for them to be distracted by what should turn out to be a passing episode. On the other hand, in the minuet around the nuclear weapons negotiations at Geneva, it is manifestly part of Mr Gorbachev's game-plan to manoeuvre the west Europeans into urging concessions out of President Reagan. That game plan will work less well if he insists on alienating President's Reagan's most loyal European ally.

The challenge for Mr Palme

MR OLOF PALME, Sweden's long-serving Social Democrat leader, must be a considerable irritant for Conservative politicians in Western Europe and the U.S. On Sunday, he won yet another general election, albeit with a slightly reduced majority, having spent the final weeks of a vigorous campaign pouring cold water on the "callous neo-liberalism" he maintains holds sway elsewhere. Mr Palme and the Swedish social democrats have convincingly defeated the political challenge posed by a more radical and libertarian Conservative Party led by Mr Ulf Adelsohn.

A year ago, it seemed briefly possible that Mr Adelsohn might break the mould of Swedish politics. The Conservative Party, advocating greater individual freedom, lower taxes and a smaller public sector, was running almost neck and neck with the Social Democrats in the polls. Now it appears the Swedish electorate has chosen to play safe and stick with the policies—the over-riding commitment to social welfare—which have served the country well for half a century. Mr Palme remains one of the few Western leaders who can proclaim an absolute commitment to the pursuit of full employment and the further development of the welfare state without losing credibility with the voters.

Confidence

Mr Palme may have won the electorate's confidence but it is increasingly doubtful whether his old-fashioned approach to economic management can rejuvenate Sweden in the 1980s. One problem for Sweden is that the Social Democrats manage the economy so skilfully within the confines of their overall philosophy that the philosophy itself is made to look artificially attractive. How many countries, after all, could cope with the pressures created by a public sector which absorbs some 65 per cent of GDP? As Sweden's debt has burgeoned so has its reputation as an imaginative and flexible borrower. It is interesting, for example, that despite its formidable external debt, some of Sweden's floating rate paper is trading at or below the yield on the $2½bn Euromarket issue launched by the UK yesterday.

The Swedish government has also done as much as it can to limit the impact on incentives and economic efficiency of its abnormally high tax burden. The tax base has been broadened and overhauled in the past two years: the percentage of workers facing marginal tax rates of above 50 per cent has been reduced from about a half to a fifth. The Swedes have also been remarkably adept in handling the macro-economy. Unable to expand domestic demand through fiscal relaxation because of the huge public debt, Mr Palme has contrived to combine low unemployment with record corporate profits and quite respectable GDP growth. The trick was the substantial devaluation late in 1982 which created an unprecedented export boom.

Stagnation

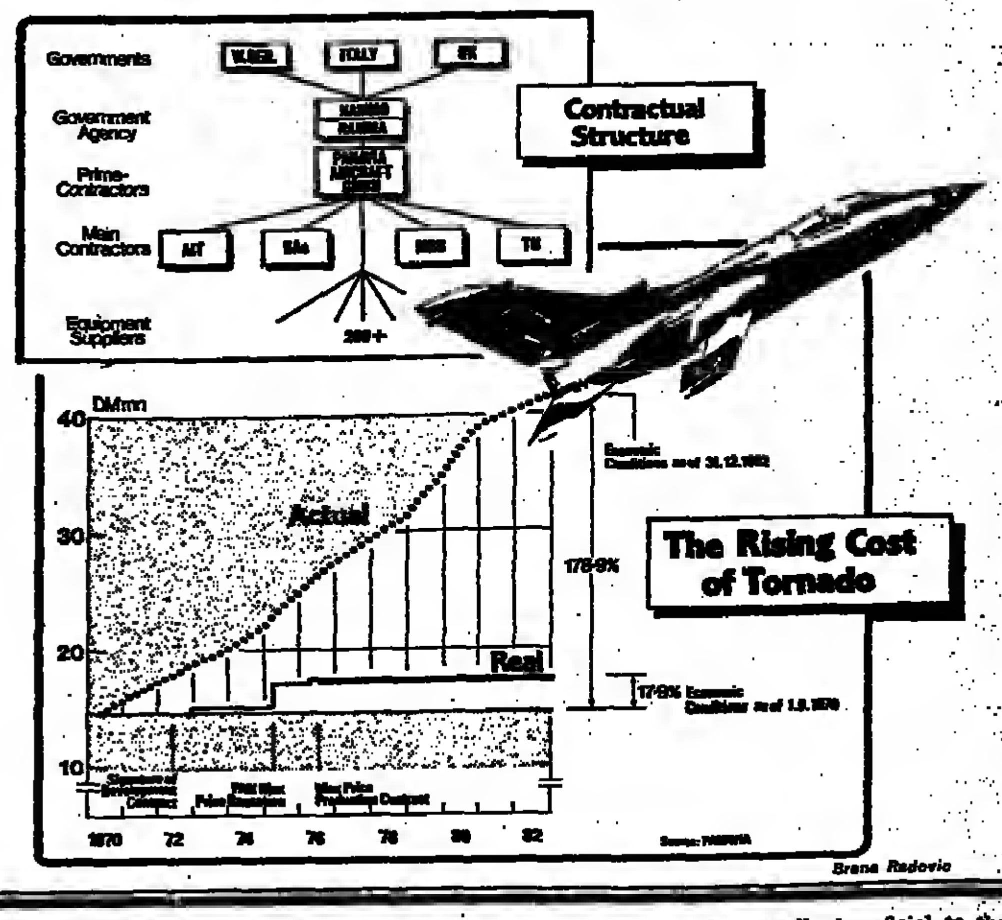
It is likely, however, that Mr Palme was re-elected in the nick of time. Throughout the summer there have been signs of economic problems coming home to roost. The government has failed to meet its inflation targets and the current account and budget deficits, briefly brought under control in 1983 and 1984, are beginning to pose a new threat. In a confidential assessment, made public after leaks during the campaign, the International Monetary Fund warned of the need for austerity in the autumn. Whether the Social Democrats, dependent as they now are on Communist support, can effect the necessary measures must be doubtful.

More worrying than the short-term outlook is the fact that Mr Palme's re-election postpones the prospect of a fundamental reassessment of economic and social policy in Sweden. The Social Democrats have nothing new to offer; recognising that, if the trends of the 1970s were allowed to continue, the public sector could end up absorbing more than 80 per cent of GDP, they have reluctantly applied the fiscal brakes. But this negative response is no substitute for positive new policies. Unless Mr Palme accepts the need for structural reforms which place a higher premium on individual initiative and market mechanisms, the economic stagnation which set in during the late 1970s may prove incurable.

The Tornado programme

A unique partnership succeeding against the odds

By Bridget Bloom, Defence Correspondent



Brana Radovic

IF British Aerospace clinches its agreement to sell 48 Tornado aircraft to Saudi Arabia, the £3bn deal will be a huge boost not only for Britain's arms exports but for the most ambitious and controversial exercise in international armaments production.

Three governments, four armed services, three major aerospace prime contractors, three engine manufacturers and more than 200 defence companies are involved in the Tornado programme, which has already cost Britain upwards of £12bn and is ultimately likely to cost the three partners over £30bn.

The Tornado collaboration is unique: each country makes part of the fighter-bomber and then each assembles its own complete aircraft. Last Tuesday, for example, a set of wings arrived at British Aerospace's factory at Warton in Lancashire from the Aeritalia factory in Turin. Another purpose-built truck arrived in Warton the next afternoon with the centre fuselage from Messerschmidt Bolkow Blohm's works at Augsburg. BAe then sent the cockpit, rear fuselage, fins and tailplanes southwards to its Italian and German partners.

The trucks have travelled the same route for more than five years and they will do so at least until 1989 when all 809 production aircraft originally ordered have been delivered.

Tornado is conceived as the mainstay for Nato's European counter-attack forces until well into the 21st century. Though it has been in service for less than three years, controversy has surrounded it from the beginning, with its costs and even its usefulness challenged. Yet so sure are the three governments and their industries of their collaboration that they have decided to continue working together well into the 1990s.

Britain, Germany, and Italy agreed on August 2, after two years of negotiations also involving France and Spain, to go ahead with a new agile European fighter aircraft (Efa) for the 1990s.

Spain, though not France, has since decided to join them. Officials are already meeting to define the new aircraft more closely. Full development will start a year from now, with the aircraft coming into service in 1995.

The key importance of the Saudi deal on Tornado — Britain hopes to sign the outline agreement before the end of this month — is that it will help prolong the production lines at Warton, Turin and Augsburg — until the new fighter takes Tornado's place in 1992.

Meanwhile, the experience of collaboration on Tornado and the lessons it holds for the new fighter are being thoroughly evaluated. Lessons in four areas stand out: Tornado's early development; production arrangement; management; and financing.

● Development. All three nations accept that Tornado had a confused start and that costs in actual — though much less in real — terms have been much greater than foreseen. The reasons include over-ambitious specifications, which were then changed later, and above all the simultaneous development of a new engine and a new airframe.

Tornado as conceived in the mid 1960s was to replace the Lockheed Starfighter F104 aircraft in service in Europe with the German, Italian, Belgian, Dutch and Canadian air forces. Negotiations almost as protracted as those over Efa saw Belgium, the Netherlands and Canada withdraw and Britain join the project which by 1969 was being designed to produce what was called a multi-role combat aircraft rather than a straightforward fighter.

Today, Tornado's two versions fulfil five main roles. The interdiction - strike aircraft (IDS) is capable of short and medium-range battlefield support, as well as of long range interdiction: it can fly very fast, at levels below enemy radar in the dark or poor weather to bomb targets well behind the front line. A total of 644 IDS Tornados are being built, with Britain taking 220, Germany 324 and Italy 100.

The second air defence version is being bought only by Britain. Its 165 ADV Tornado will protect Nato well into the North Atlantic as well as provide for the air defences of the UK itself.

Once designed, there were no major changes to Tornado's airframe, but officials describe hundreds of modifications which they say added at least 7 per cent in real terms to the aircraft's costs up to 1982. (They say it will be easier to adhere to specifications for the Efa since its prime purposes as an agile fighter is already agreed).

However, the critical element in Tornado's rising costs was the decision to develop a new engine the RB 199, at the same time as the new airframe. The engine, involving the controversial new technology, held up flight testing of Tornado for nearly 18 months.

Officials now accept that the new fighter must be flight-tested with an interim engine while a new one is developed, but while Britain is insisting that the best candidate is the latest version of the RB 199, Germany wants to use the American GC 404 which it maintains is a more suitable fighter engine. Battle will be joined on this issue within a very few weeks.

A final lesson of the development phase is one argued especially strongly by Britain. British Aerospace, backed by the Government in a £160m joint programme, has been building a demonstrator aircraft at Warton which, while not identical to Efa, is being used to test the variety of new materials and technologies to be used in the new fighter in advance of line production. Britain argues strongly that this aircraft—due to fly next June—will greatly speed the Efa development and keep down costs.

Britain would like also to apply the demonstrator principle to the new engine, turning the present government-aided Rolls Royce development of the XG 40 experimental fighter engine into a full-scale trinational demonstrator programme.

Tornado is conceived as the mainstay for Nato's European counter-attack forces until well into the 21st century

● Production arrangements. Tornado is formally produced by Panavia, a joint company formed by BAe, MBB and Aeritalia. Panavia lets most contracts with industry and, officials say, has been notably successful in keeping down prices on a range of equipment — from whole radar systems to valves — where competition has been present. Prices have risen faster — and there have often been delays — on what is know as government-furnished equipment, which has been directly contracted for by governments.

Panavia obtained fixed prices — discounted for inflation — on equipment contracts amounting to just under 40 per cent of the value of the fly-away aircraft. Officials claim prices rose by only 10 per cent in real terms over ten years (1975-85).

Virtually everyone involved now says they would like to extend such contracting procedures to cover more of the new aircraft, but there could well be difficulties, if only because while there is plenty of competition between electronics or avionics companies, each country has only one airframe and engine manufacturer.

● Management. Tornado is managed by a joint management agency (the Nato multi-role combat-aircraft development and production management agency, Namma, and its policy organisation Nammo). It is produced by Panavia and there is also a joint engine company. Each government also has its own Tornado staff office—Britain's is currently 30 strong.

The governments and industries are broadly satisfied with Tornado's management structures. Similar structures—which may turn out to be precisely the same ones—have been agreed for the Efa.

But in future, management will be streamlined. Complex procedures were fashioned at the outset which are no longer necessary as trust and confidence has grown. Panavia has shed 100 of its 300 staff, reporting procedures have been simplified and time consuming meetings cut back.

● Financing. Tornado has been a hugely expensive project, with actual costs rising by 180 per cent between the end of project definition in 1970 and 1982, when production was in full swing. Yet the governments insist — and the UK Public Accounts committee, for example, agrees — that the rise in real terms has been much more modest — 17 per cent if the changes to the specification of the aircraft are taken into account, 10 per cent if those are left out (as Panavia argues they should be to arrive at real industrial costs).

Britain maintains that the real rise in the cost of the ADV Tornado, coming off the production line some five years after the IDS, is about 5 per cent in the last decade, while Frank Roe, managing director of BAe at Warton, reckons that the 500th Tornado is being produced 40 per cent more cheaply than the 100th.

The governments are expected to adopt similar financial and worksharing arrangements for the new aircraft. For Tornado, the key rules have been that each country gets a share of the total work which is equivalent to the number of aircraft it buys; that each country pays for the work within its own borders (there is thus no transfer of money across the exchanges); and despite Italy having only a 15 per cent workshare on Tornado, voting is unanimous.

Today the only financial problem apparently worrying officials is that Germany has done some £250m more work on Tornado than Britain, and unless compensating work can be found—for example on new reconnaissance aircraft for Germany—London will be expected ultimately to compensate Bonn in cash.

Doubts have been raised about three other aspects of Tornado. The Saudi deal (coming on top of a much smaller order from Oman last month) should put paid to some of the worry that Tornado is too sophisticated to find ready export markets—though few additional customers are in the offing.

Teething troubles on the system for ordering and dispensing spares have caused delays in making Tornado fully operational while there is still not full commonality of weapons on the multinational aircraft.

Finally, comes a question which has generated a great deal of heat but not too much light: has the collaborative Tornado proved (and will Efa prove) to be more cost-effective and generally beneficial to the three partners individually than would have been an aircraft produced nationally, or one bought "off the shelf" from the U.S.?

Many studies have been conducted of the comparative advantages of these alternatives, although real comparisons are impossible, if only because no country can afford to test them in parallel programmes.

It is generally accepted that a direct U.S. buy would be cheaper initially, but that this advantage would be eroded by the costs of spares and support. Building a U.S. aircraft under license appears somewhat more costly—but there is the plus of local employment.

By contrast, it is also generally agreed that the advantages of collaboration, especially compared to national production, are shared development costs and longer production lines.

British Aerospace has recently produced figures which show that the total cost for Britain of buying 250 fighter aircraft (including spares and support over 10 years) in a national programme would be £5bn (1984 prices). In a three-nation programme the cost would be £4.2bn and in a five-nation one, £4bn.

A direct buy of the U.S. F18A fighter, including a 5 per cent R and D levy, BAe puts at £5.28bn. This reduces to £5.1bn if the airframe only is co-produced and to £4.9bn for co-production of airframe, engine and radar.

There is a sense, however, in which these calculations are now irrelevant. Probably only Spain of the Efa partners had the political freedom to buy American and probably only Britain has a big enough aerospace industry to have considered going it alone.

But the reality is that the Tornado experience has proved successful enough to drive both these options out of court. The Tornado partners believe, and they are almost certainly right, that they have created a partnership which will now last.

Men and Matters

Villiers to lead the Revolution

WHEN Charles Villier joined County Bank 13 years ago he can hardly have expected that NatWest's modest merchant banking offshoot would grow to become Britain's largest investment bank.

But County Bank forms the core of NatWest Investment Bank, the £300m group unveiled yesterday, and he will be chief executive of the new grouping. Not bad for a bank once dismissed by a top City merchant banker as being stuck "in the maw of NatWest."

The new group marks the culmination of nearly three years planning by Villiers who has been spearheading NatWest's entry into the City revolution (and who is no relation to Sir Charles, former chairman of British Steel).

Villiers, a trained accountant, started life with Arthur Andersen, and then joined the Industrial and Commercial Finance Corporation because he was interested in helping companies to grow. Since he went to County in 1972, the bank has risen steadily in size and reputation and is much cited as proof that clearing banks can succeed in merchant banking.

"We did not allow ourselves to be overcome by the mystique," he says. Villiers admits that it is hard to see how the upheaval in the City will turn out, though he obviously sees NatWest winning through. He also believes UK-owned groups have got to challenge the growing dominance of the U.S. and Japanese banks in international finance.

Marching orders

Leading lights in the Organisation of Petroleum Exporting Countries were given a rare insight into the conduct of British cabinet government past and present, courtesy of Peter Walker, the energy secretary.

Speaking at the closing dinner of the Oxford Energy Seminar, sponsored by Opec and the Organisation of Arab Petroleum Exporting Countries, our own North Sea oil sheikh noticed that the main course was "Beef Wellington."

Walker pointed out to the assembled oilmen that the Iron Duke had been a great Tory prime minister. But when the old soldier conducted his first cabinet meeting, he was mystified, and said to a friend afterwards: "A most extraordinary thing, cabinets. I gave the men their orders and afterward they wanted to stay on and discuss them."

"Of course," added Walker sardonically, "nothing like that happens with our present prime minister."

Platform appeal

News that Steinway, the posh piano maker, has been sold by CBS to a private Boston-based company is unlikely to cause much of a crescendo in the everyday running of this finely-tuned company.

With each instrument costing between £12,500 and £27,000 and taking a year of love and care to make, the Steinway market is, to say the least, rarefied.

The company claims to have cornered the lion's share of the concert market. Japan, the mass producer of pianos to the world, still cannot get enough Steinways for its concert requirements.

Last year the company made only 350 concert grands out of its production in Hamburg and New York of nearly 4,000 pieces.

Ever since 1853, when the German immigrant family Steinweg started piano production in New York, quality has been the watchword. The family firm continued until 1972 when CBS, the television and entertainment group, took over.

The British manager, Bob Glazebrook (a skilled tuner) says that many of the top artists have their favourite pianos, identified by number and history, which are lent to them at nominal rates for specific concerts—a night at the Festival Hall, for instance, might cost £200.

"I see the ref walked off at Bristol—said it was more like a Liverpool Council meeting than rugby"

Right turns

Prosperity has begun to shine on France's National Front. The extreme right wing party which campaigns on racialist issues has changed addresses from a shabby back street office in the north of Paris to a large town house in the elegant 16th arrondissement. Its previous tenants have included the movement for the defence of state schools and the freemasons.

Jean-Marie Le Pen, the Front's leader chose to give his first press conference in what was the wood panelled music room. Bronzed, his blond hair bleached by the sun, he sat in front of the large chimney piece over which hung the motto (in English) "The music of the Gods."

Le Pen was as confident as ever about his chances in the 1988 election campaign, and as scurrilous as always about his opponents. To a university professor who had predicted in one French magazine that the Front would gain only 20 seats in the election, he proposed a kick in the pants for each Front deputy above that figure.

The surprise that he pulled out of the hat was a handful of Gaullist and Opposition members who have deserted to his cause. The biggest catch was Bruno Chauviere, who headed the neo-Gaullist RPR's list of candidates in the constituency of former Prime Minister Pierre Mauroy.

French political parties do not have to declare where they get their funds from. But it is clear that Le Pen's days of penury are over.

High notes

Credit Suisse First Boston, the American-Swiss investment bank, has really clawed its way into the British Establishment.

It was chosen to lead yesterday's record £2.5bn floating rate note issue for the Treasury. And it was simultaneously making news in Court circles with the appointment of one of its directors, Sir John Riddell, as the new private secretary to the Prince and Princess of Wales.

Sir John, who came to CSFB in 1978, by way of First Boston and the World Bank, has been in charge of its British business — though he says he left the handling of yesterday's bond issue to his specialist colleagues.

Now he is making "a large jump" by his appointment at the Palace. Deceroously he did not add that he will also be taking a large pay cut.

After his years in banking he should have no trouble summoning up two of the most important qualities required in his new job — discretion and discipline.

Observer

Letters to the Editor

Mapping seabed resources

From the Director, Institute of Oceanographic Sciences.

Sir,—Mr Pool Orchard-Lisle (August 30) identifies a world-wide requiresment for rapid picture mapping of the seabed ot 200 mile excluaive economic zones (EEZ). He goes on to contrast the course of ection taken by the U.S., which is using the GLORIA System developed by this Institute, with the fragmentary cover so far commissioned by our Government and suggests thot we cannot afford to bring the GLORIA system into full production for the nation's benefit.

Scientists of the United States Geological Survey were, indeed, quick to see the advantage ot using GLORIA for EEZ mapping. A survey of tha Gulf of Mexico, now in progress, is the fourth in a series that will continue into the 1990s: wa are proud to be part of this joint venture.

It would, however, be more correct to say that wa are using GLORIA since the entire responsibility for providing tha ahip and operating the GLORIA lies with this institute, a component body of the Natural Environment Research Council. The UK balance of payments bas already benefited by more than £2m; the income from the whole programme as planned ot present will probably be more than £15m.

This work will take up much of the effort available in a comparativaly small institute. Wa have made proposals to tha Government for a survey of the deep water parts of UK EEZs but it would be wrong for a research body to try to fit a worldwide commercial survey capability into its scientific programme. There has, however, been no shortage of industrial interest and we hope soon to announce an arrangement by which GLORIA can be commercially exploited in full.

No one can predict the future of resource exploration, and exploitation, in EEZs. But if interest continues to build, the world market for services could amount to many billions of pounds: one key to British participation in this market will be the capability to offer rapid initial surveys, such as GLORIA can provide, with appropriate datailed follow np.

GLORIA is a apin off from the strategic support by Goverment of marine science available in tha 1960s and early 1970s. Its success has been the result of careful design by experienced seagoing engineers working with scientists who thoroughly understand the geological benefits of the equipment. We believe that it provides an excellent example of the way in research underpinned by long-term Government funding can provide opportunities for exploitation by industry.

(Dr) A. S. Langhton,
Brook Road,
Wormley,
Godalming, Surrey.

Destination of graduates

From Mr J. Maddams.

Sir,—Tha figures qnoted by Michael Dixon (September 12) on the job destination of our 1984 graduates makes interesting reading.

It shows that slightly over 9,000 engineering and science graduates found jobs in tha industries for which they were trained. Conversely, only 1,470 economists and accountants obtained jobs in banking and accountancy. Even more surprising was the number of management graduates going into commerce, only 381 against 2,500 budding engineers and scientists.

A substantial proportion of our national wealth now comes from financial services and commerce, so why aren't more management graduates going there? Is it perhaps because commerce is more advanced in its use of high technology for which we need more engineers to service the computers and cash points, or is it simply that fewer employers now ecknowledge a management or economics degree to be of relevance in the commercial world.

J. P. Maddams.
Ocean Cory Trading,
36, North Street,
Keighley, Yorks.

Convert 'invest' into 'result'

From Mr R. Bickford-Smith

Sir,—Advertising in the FT of September 13; BTR Plc invited readers to convert "invest" into "result" in 5 stages by changing 2 letters at a time. It actually meant 6 stages, if one includes "result" itself.

The exercise can be accomplished by a mere 2 new added stages: invest, insect, insult, result. Is your advertiser's envisaged need for another 3 stages (a full 150 per cent over necessary specification, on its terms) symptomatic of the ills of British industry, or merely an example of the operation of Parkinson's lew?

Roger A. Bickford-Smith.
Condurrow,
Grylls Parc,
Helston, Cornwall.

Telecom's licence muddles

From Mr P. Egan

Sir, — Guy de Jonquieres, in his excellent end considered article (September 10), The muddle that is slowing VANS (value edded networks), has raised some points which deserva further comment.

While the Government intention is to increase competition generally, the licensing system as it develops is leading towards reinforcement and extension of the British Telecom position. The BT licence is a lengthy and detailed document. This was necessary because that licence defines what BT may end may not do and therefore needed to be eleborated in detail before the BT flotation. Quite rightly the licence was carefully scrutinised by potential investors who are entitled to regard it as e clear identification of what BT may do. Any substantial derogation from the BT licence could lead to legal action on behalf of shareholders who would contest that their expectations were diminished.

Apart from the BT licence (and similar documents applying to Mercury and Hull) the Department of Trade and Industry elaborated a document called The Branch Systems General Licence (BSGL). This is meant to identify the rights of organisations, large and small, to run their own telecoms systems which may be connected to BT (or Mercury or Hull).

This BSGL document, which applies to almost every commercial organisation in the country, is: over 30 pages long; filled with new legal terms created for that licence; wholly incomprehensible to e telecoms manager and a source of great uncertainty for lawyers, consultants and financiers; and in so far as its tendencies can be identified, it is far more restrictive than the past régime in that it ellows organisations to use less ambitious systems than were allowed by pre-flotation BT or the Post Office in the past.

The most aggressive aspects of the BSGL are moderated in respect of existing systems for a three-year period that commenced on August 5 1984. Thereafter a temporary permission to continue existing telecom arrangements will lapse and BT will be able to insist that its customers adhere to BSGL terms.

The Office of Telecommunications (OFTEL) has the job of enforcing licence terms. The popular view of Oftel is that it is a body set up to maintain a scrutiny of BT, ensuring protection for the public and customers. These are among its statutory functions, bnt Oftel must also deal with a situation where the customer uses his system contrary to licence terms. Such departures will, no doubt, be brought to the attention of Oftel by BT, Mercury or Hull. BT in the past policed terms of licences granted by itself. So BT has the investigatory expertise to establish departures from licence terms. Legal action obliging Oftel to take action against BT customers to secure or extend the BT position must be expected at soma stage. Failing Oftel intervention, it seems under BT licence terms that it would be entitled to refuse connection to the national network. This would be more damaging thon anything Oftel or the courts could enforce.

Informed telecoms managers who value their jobs are unlikely to use systems and arrangements which are not clearly in accordance with what BT indicates. Wa have held a number of conferences and discussions with telecoms managers, suppliers and the providers of telecoms systems and have sought DTI and Oftel guidance on specific points. So great is the confusion, so guarded and varied the replies, that commercial organisations are discouraged from seeking independent system suppliers.

If the UK is to make substantial profit from selling of information and valne edded services, it will have to seek its revenue in a world market. Identification of interconnection standards which will apply within the EEC and internationally will require detailed assessment and regulation over the next years. One can only shudder when considering that, in evaluation of international interconnection standards, translations of tha BSGL ond VANS and MDNS licences are provided for consideration and assessment by the representatives of other countries.

We are now in a position where the DTI proposals, if they are occepted, ere likely to frustrate innovetion within the UK end delay or destroy access to overseas markets.

P. M. D. Egan.
Information Technology Information Services.
20, Chancellors Street, W6.

Japanese cars and UK jobs

From the Director General, Paris Office, Japan Automobile Manufacturers' Association

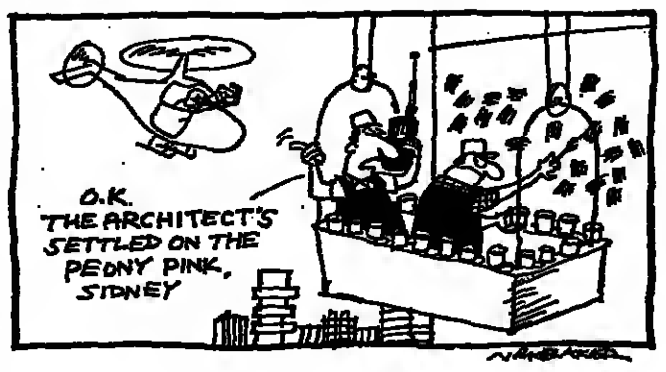
Sir,—Reading your reports on the world motor conference and especially your article entitled "Nissan a threat to UK jobs, says Ford chief" (September 13) I want to protest against the accusation made by Mr Lutz, chairman of Ford of Europe. These are purely scapegoot remarks.

He mentions thot establishing an overseas factory in England means that for every one person employed two jobs will be lost. The Jepanese manufacturers did not propose voluntary overseas investments. It was the other way round.

Besides the business risk itself, we are very oware of the economic difficulties in Europe, particularly concerning unemployment. Therefore, obviously, overseas investments should help to create jobs, but Mr Lutz was contradicting that evidence.

Ford Motor is the only manufacturer in Europe which is considered international, as one of tha speakers at the conference mentioned ironically. Therefore I am astonisbed becausa Ford cannot afford to become protectionist even with the evidence that Ford Motor Co Europe buys Japanese parts.

M. Shizume.
33, rue de Ponthieu,
75008, Paris, France.



Coats of many colours

From Mr W. Nutt

Sir,—The item (September 11) on comments from the Paintmakers Federation hides more reality than it reveals. Whila promotion of ideas for any industry's markets is applauded, the products promoted will be successful only if they meet the real needs of customers.

Any view of a British city, especially London, from a high building will make apparent the dominant choice of colour for buildings — white. Yat there is not yet a white paint, or surface coating, which proves competitive with traditional surfaces, e.g. stone, aggregates, concrete. The failure is that of durability, i.e. re-treatment is necessary after a few years, compared with decades for traditional materials. The key problem is that of labour costs. The cost of materials is of less significance if they last for decades. But the cost of getting a city building re-painted is very bigh if it needs treatment every few years.

Even in the less labour-sensitive domestic property market, there is a real requirement for improved life of paint. Even the best substrate preparation for oil paint still requires a re-painting programme after a few (5-7) years. And the market leaders in masonry paint are all based on thermoplastic polymers which inherantly induce dirt-retention, thereby effectively reducing durability.

The most durable masonry paints are all formulated to deposit a thicker coating. And this is tha clue to the complaint from the Paintmakers Federation. As an observation on a forty-year trend, paint chamists bave sought higher physical properties from thinner paint films, the toothpaste tube paint syndrome. The most durable surface coating for buildings, e.g. 50 years' life, remains bot-applied tar blinded with sand, i.e. a thick coating. But it has no aesthetic appeal.

So, until a pretty coloured tar system, or its modern high-technology counterpart is offered, paintmakers are just wishful thinking to propose bright coloured buildings. Quite apart from their uneconomic maintenance costs, who wants coloured chalking deposits washed across their windows?

W. Owen Nutt.
44, The Green,
Warlingham, Surrey.

Selling life assurance

From Mr A. Stuart

Sir,—Your leading article (August 30) on selling life assurance misses the point on two counts.

An agent of a life assurance company who is remunerated by commission is at least as likely as an independent intermediary to mislead a client to his own benefit. He should, therefore, be subject to identical disclosure requirements.

The whole question of disclosure of commission would cease to be of importance if commissions on life assurance were paid on the same besis as for general assurance, that is, as a small percentage (reflecting the service involved) of the premium paid each year.

This would eliminata dishonest selling and encourage the emergence of something approaching a profession. Such a move would not, however, ba welcomed by most life assurance companies—those with large direct sales forces or who sell through unqualified intermediaries (accountants, solicitors, bank and building society managers)—because it would decimate direct sales forces and discourage the others who would no longer receive unjustifiably high commissions in return for which they need not offer the client the continuing service which is the hallmark of the reputable independent intermediary.

The present system is a rotten ona and the moves afoot to improve it are cosmetic. A radical overhaul of the way commission is paid would be far more effective. Unfortunately tha insurance and political establishments are set against it. Sadly the FT appears to lack either the knowledge or the will to challenge them.

A. L. Stuert,
Shepberd Associates,
Morlich House,
The Square,
Grantown-on-Spey,
Morayshire.

A reception for ex-employees

From tha Managing Director, H. Morris and Co.

Sir,—Last week our 200 workers protested against ratepayers' money being spent to give a civic reception for our ex-employees.

These ex-employees had repeatedly been warned that if they broka their contracts of employment that had been mutually agreed with all employees in November 1981, they would be immediately dismissed.

They walked out on Mey 24 ond were dismissed as warned. Twenty-ona decided on industrial action and coerced eight apprentices to join in the strike.

Surely in today's industrial climate the coercion of young apprentices, baving successfully secured a position in a successful and expanding business, is indefensible?

As an expanding company with a full order book, it was imperative that we replace our workforce as soon as possible and to this effect we have employed a further 42 tradesmen and have also just opened e brand new double glazing factory.

We will continne to expand and employ more people in Glasgow. If businesses in Glasgow are to expand, however, it is of paramount importance that Glasgow District Council works hand in hand with them.

As a point of interest, were the councillors and officials in ettendance ot the lunch on official duty and therefore eligible for official expenses?

Robert Morris.
Milton Street,
Glasgow.

Vista of lakes and mountains

From Mr W. James,

Sir,—That Mr Hermann should take such pains (September 12) to bighligbt costs which, although running into bundreds of millions are relatively small, makes it plain why Napolean called us a nation of shopkeepers.

Is it not time that we lifted our eyes from the cash registers and started feeling some pride in our contribution to the romantic vista of the lakes and mountains of the EEC that stretches into the future before us?

W. James,
19, Araglen Avenue,
South Ockendon,
Essex.

Britain boosts reserves

Up go sterling's defences

By Max Wilkinson, Economics Correspondent

THE TREASURY'S announcement yesterdoy that it intends to borrow \$2½bn to bolster its foreign currency reserves, raised a buzz of speculation in the City that the Government is preparing for full membership of the European Monetary System.

For on addition to tha reserves on such a scale can bave only one purpose: to increase the Government's power to intervene in the foreign exchange markets to defend or push up sterling.

As e full member of the EMS, Britain would be obliged by treaty to intervene to prevent the pound moving by more than 2¼ per cent from a fixed central rate against the other European currencies.

Present foreign currency reserves (of \$7.5bn) look meagre indeed beside the \$18bn availoble wben the Government come to power. They have been eroded partly because the Government has paid off debts to the IMF end others arising from the 1976 sterling crisis, and partly beceuse of a gradual erosion through intervention and revaluations.

Although total reserves now stand at over \$14bn (about £11bn), almost balf of this is in gold or other forms which cannot readily be used for intervention. Herr Carl Otto Poehl is known to believe that UK foreign reserves are too small to allow it to consider any extended campaign of intervention, ond this may also have influenced the Treesury.

Whether or not the move does prove the first step towards full EMS membership, it certainly appears to be part of a major sea-change in the Government's thinking about monetary policy.

Since February tha external valne of sterling has moved into sharp central focus while the various measures of the money supply have seemed infuriatingly blurred, or downright distortions of the overall picture.

The pound's 15¾ per cent rise since its low point on February 26 has been a deliberate object of policy. It bas cut the cost of manufacturers' imported materials and fuels while putting pressure on shop prices through the competition of cheaper foreign goods.

For politicians this is a direct and easily understood method of controlling inflation. By contrast, the apparently straightforward objective of controlling the money supply adopted when the Conservatives came to power in 1979 has been bedevilled with difficulties.

Sterling M3, the broad measure of money comprising cash and bank lending, has behaved in a perverse and wayward manner for much of tha period. In the first half of this year it rose by nearly 13 per cent, far higher than is consistent with the Treasury's hope that 3 per cent economic growth will be combined with ebout 5 per cent inflation.

In these circumstances, there would be obvious ottractions in becoming a full EMS member, by joining its Exchange Rate Mechanism (ERM). It would give public notice to industry that the pound would be beld steady, and that firms must bold back wage costs if they intend to remain competitive in overseas markets.

The Treasury has claimed that it wants to join, but that there were three main difficulties: the pound's status as a reserve currency which might make it an uneasy bedfellow with the West German D-mark, the special influence of oil prices on sterling, and the unpredictable effects of further falls in the dollar. Behind the scenes there was o more pressing objection, that Mrs Thatcher was suspicious of foreign exchange intervention and disliked the idea ot being forced to raise UK interest rates for Euro-reasons.

Moch less has been heard of these objections recently especially after the Prime Minister agreed to a policy of concerted intarvention and a 4½ percentage point rise in interest rates to 14 per cent in February in defence of sterling.

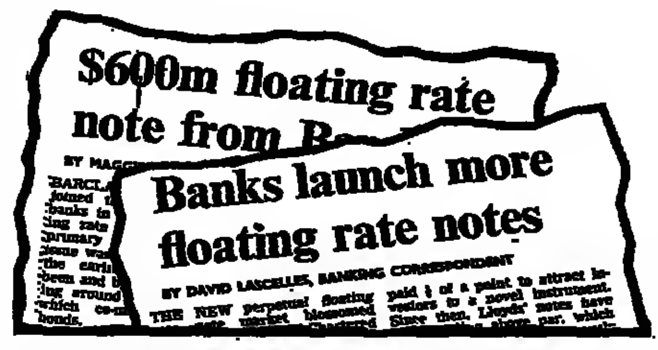
It is highly unlikely thot the Treasury would went the pound to depreciate much from its present Sterling Index of around 80 (1975=100) against a trade-weighted basket of currencies. To allow this would jeopardise the recent gains ogainst inflation ond would be inconsistent with the recent policy of holding interest rates at levels which are among the highest in the industrial world. On the other hand any sharp appreciation would pose a serious risk to exports and lead to uproar from industry.

So a continned declina in the dollar would make treasury policy options easier. Althougb its current level is about 10 per cent below its peak in February, it has been rising for most of this month. In the 11 days to last Thursday it went up by 5 per cent.

It is quite witbin the realms of possibility, therefore, that the major five powers would bove to pool their resources as they did in February to give the dollar another push down the hill.

Then there is the ever-present worry tbat a collapse of the oil price would creota a panic reaction against sterling.

However, intervention measured in billions of dollars is needed to deter determined speculators, so perhaps the most important aspect of this announcement is deterrence. The new weapon will cost very little to keep since the interest paid on the floating rate loan can be matched by interest from investing the money elsewhere, at least until it is spent in the markets. Doubtless the Government bopes thet by raising the ante, it has lessened tha risk.



FROM Italy to Indonesia, from Portugal to Panama, government debt officers bave looked to the Eurobond market as an important source of funds. Now the UK is joining the list of sovereign borrowers which form a major sector of the floating rate note market.

The addition of the British Government to the market was warmly welcomed yesterday by traders who regard the UK as one of the finest credit risks. The move emphasises the dramatic growth of the floater market which this year looks set to outstrip the total value of new issues of fixed rate Eurodollar bonds. Only a tew years ago it was a minor part of the Eurobond market.

Floating rate notes (FRNs) pay interest at rates fixed by reference to short-term money market rates. In the case of this issue the interest rate will be reset every three months at a level equivalent to the bid rate for Eurodollar deposits in the interbank market, known as Libid.

Floaters appeal to investors who are concerned with earning interest at a rate linked to money market rates rather than an absolute fixed level. These include:

- Commercial banks.
- Central banks, such as the Bank of England, which bave foreign currency reserves to invest.
- Corporate treasurers who often have short-term liquidity to invest in the money markets and who treat FRNs as money market instruments;
- Investment managers, both ot short and long-term funds, who seek a safe home for cash balances with a good rate of return. Buying from all these types of investors—both UK and overseas-based—was reported yesterday by banks in the syndicate formed to sell the issue. The large size of the deal will ensure that the bonds are actively traded in the secondary market.

It is certainly a good deal for the Government too. The terms, including fees payable to the bankers arranging the issue, are the finest seen on a FRN yet, barring \$1.8bn issue for the European Community in May—a special case as it was refinancing an earlier issue.

Maggie Urry

FINANCIAL TIMES
Tuesday September 17 1985

Palme claims defeat for 'aggressive conservatism,' writes **Kevin Done in Stockholm**

Wind of change fails to sway Swedes

THE HOLD on power maintained by Sweden's Social Democrats is a political phenomenon for a Western democracy. In Sunday's general election they secured yet another three years in office. By the time the next general election comes round they will have ruled Sweden for 50 of the past 56 years.

The Social Democrats' victory this time was not as impressive as on some previous occasions, although they did have to claw their way back from an apparently hopeless position in the opinion polls a year ago. However, compared with the last election they lost some ground. Their share of the votes fell to 45 per cent from 45.9 per cent in 1982, and as a result they lost seven seats and their earlier three-seat majority over the three non-Socialist parties.

They will be dependent in the new perliament on the Communists for an overall majority, which could present serious problems, particularly on the economic front, where hard measures will be called for to bring the big deficits on the current account and state budget under control.

The socialist bloc – the Social Democrats and Communists combined – saw their previous majority of 23 cut to seven, but it is nothing new in Swedish politics for the two blocs to be balanced oa a knife-edge. The 1973 general election ended in a tie, and for three years major votes were often decided by drawing lots. (In 1976 the number of seats in the Riksdag, the Swedish parliament, was reduced by one to 349 to avoid a future stalemate).

Sweden's Social Democrats are, in any case, used to acting as if they have solid majority backing even when they are in a minority. They have had their own majority for only six of their 47 years in power, but for most of that time the lack of any real opposition has allowed them to rule Sweden virtually as a one-party state.

There *are* shifts of opinion among the electorate, but the changes all tend to occur among the three non-socialist parties: the Conservative, Liberal and Centre parties. "We have this great stability between left and right, but tremendous changes among the bourgeois parties," said a well-pleased Mr Olof Palme – the Social Democrats' leader since 1969 – early yesterday.

On Sunday it was the Liberals turn to stage a tour-de-force. They more than doubled their vote to 14.3 per cent from only 5.9 per cent in 1982, close to the minimum 4 per cent needed for representation in the Riksdag.

Whila all the other parties lost ground, the Liberals staged a phenomenal recovery under their new leader Mr Bengt Westerberg, capturing 30 new seats to take them to 51. Much of the advance was made at the cost of their non-socialist allies, the Conservatives and the Centre Party, however, and the Social Democrats' hold on power was never seriously threatened.

The only time in recent decades that the Social Democrats have come off second best in Sweden was when the issue of the future of nuclear power temporarily broke the established mould during the second half of the 1970s. With a fierce oppositioa to nuclear power the Centre Party was able to ride the "green wave" and attract enough votes to give the non-Socialist parties a taste of power for the first time in half a century.

With the nuclear issue finally defused by a plebiscite in 1980 the Centre Party star has waned. During the first half of the 1980s the Conservatives have taken up the running in an attempt to halt the Socialist band-wagon.

They have campaigned hard this time to change the established order in Sweden, and briefly it appeared Swedish voters, weighed down by the heaviest burden of taxation in the Western world, were finally bracing themselves to strike off in a radically new direction.

SWEDISH ELECTION RESULTS

	Share of votes (%)	Change	Number of seats	Change
Conservatives	21.3	−2.3	76	−10
Centre Party	12.5	−4.9	44	−12
Liberals	14.3	+8.4	51	+30
Non-Socialist bloc	48.1*	+3.1	171	+ 8
Social Democrats	45.0	−0.9	159	− 7
Communists	5.4	−0.2	19	− 1
Socialist bloc	50.4	−0.8	178	− 8

Includes for first time the Christian Democrats (KDS) who stood on a combined ticket with the Centre Party. In 1982 KDS scored 1.9 per cent, below the minimum 4 per cent needed for entry to the Riksdag.

The Conservatives began to talk of far-reaching changes to the system. They promised tax cuts, reduced public spending, greater room for personal choice and individual freedom in education, health care and social services, the break-up of various public monopolies, the establishment of a commercial televisioa channel and the abolition of the Social Democrats' wage-earner funds. (The funds, introduced at the beginning of 1984, siphon off corporate profits into trade union-controlled investment funds, whose job is to buy a growing stake in Swedish industry.)

In 1982 the Conservatives emerged for the first time with more votes than the Liberal and Centre parties combined. Talk started of the *högervind*, the right-wing wind of change blowing through Swedish politics, and their leader, Mr Ulf Adelsohn, became the obvious non-Socialist candidate for Prime Minister. The Conservatives have not provided a premier since 1928.

When the chips were down in Sunday's general election, however, the Conservatives' message appeared too strong for Swedish voters to stomach. After standing as high as 30 per cent in the opinion polls 12 months ago, the Conservatives scored only 21.3 per cent in the election. They lost 10 seats, and their failure – and the Liberals' triumph – will clearly redraw the map on the non-Socialist side of the political divide.

Fearing they could lose power to the Conservatives, the Social Democrats began aearly a year ago to marshal their forces for a virtual crusade against what they billed as the egotistical forces of neo-liberalism, warning that the foundations of Sweden's welfare state were in danger.

The Conservatives have had to bear the full brunt of the attack of the formidable Social Democratic machine and have clearly proved unequal to the task.

Yesterday, Mr Olof Palme was already writing the obituary for the Conservatives' attempt to import into Sweden the raw brand of foreign "neo-liberalism" practised in the UK or the U.S. The risk of introducing "Thatcher's England" with its dole queues, social conflicts and urban riots into Sweden has been a recurring image in Mr Palme's recent speeches.

With victory in the bag, Mr Palme was adamant yesterday that "this more aggressive conservatism has suffered a considerable loss. It attacks basic elements in our welfare policies, but we have defeated it intellectually and at the polls."

Even as the Conservative banner crashed, a new challenger emerged in the shape of Mr Bengt Westerberg, the 42-year-old leader of the Liberal Party, who staged one of the strongest election performances ever seen in Sweden. Mr Westerberg, who served as Under-secretary of State in the Industry and Budget ministries from 1978 to 1982, took over the reins of the demoralised Liberal Party in 1983.

With a platform offering "Social responsibility without Socialism" he managed to fill the niche left by the shouting match between the Socialists and the Conservatives. With an appeal to reason and a clean-cut image – one Conservative newspaper described him in a headline yesterday as a "mother-in-law's dream" – Mr Westerberg will inevitably be hailed as the new standard-bearer of the centre-right in Swedish politics.

He has a buge task ahead, however, if he is to stand any chance of welding the disparate elements of the opposition into a force that can successfully challenge the Social Democratic machine.

He made a start *yesterday* by calling on the oppositioa parties to campaign on "a commoa platform" at the next election, but the words were hardly out of his mouth before tha squabbling began. Mr Thorbjörn Fälldin, the Centre Party leader, said bluntly: "It is impossible to have three parties and one programme."

There will inevitably be great scepticism about Mr Westerberg's staying power. Mr Palme said rather majestically yesterday: "The bourgeois voters tend to vote for the great white hope. If the party does not deliver, they change to another."

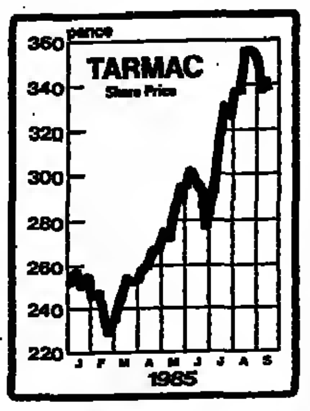
As long as the opposition squabbles, however, Sweden's Social Democrats will be able to continue to divide and rule. In Swedish politics more than anywhere else, it is a case of "plus ça change, plus c'est la même chose."

Editorial comment, Page 20; Stock market reaction, Page 46

THE LEX COLUMN

Mr Lawson puts out to sea

The Eurobond market must indeed have come of age if the UK Government takes it seriously enough to raise money there on its own behalf. Time was when the Treasury would not sully its name in an offshore market – it let the nationalised industries do the dirty work for it. Now it is trumpeting the largest ever issue on close to the finest-ever terms.



The Government must be pleased to see that investors take it seriously, too. In the floating-rate note market, at least, only the EEC could have raised money more cheaply. And the pricing seemed to be just right – a little more generous, and Mr Nigel Lawson, the UK Chancellor of the Exchequer, would have had a British Telecom fiasco on his hands; a little tighter, and the issue would have been an embarrassing flop. In fact, the boad traded at an ideal price of 99.67; within its fees and with solid enough demand for the amount to be increased without the price falling.

Instead of increasing the bond by $500m, the Government could have issued a fixed-rate bond and swapped the proceeds for floating-rate debt at a much cheaper rate than it won yesterday. But if it has taken 22 years for the Treasury to accept the respectability of launching a floating-rate note in its own name, coming round to the idea of a swap may take just a little longer.

If the funds are intended to act as a prelude to joining the EMS, we may see a lot more of Britain in the Euromarkets. Even $2.5bn would not see sterling through a collapse in the oil price or pre-election jitters. Nor is the amount enough to allow the Government to pursue a monetary policy independent of the exchange rate. It may be more entertaining to dream up a conspiracy behind yesterday's actions, but the Treasury's desire to see reserves back at the levels of two years ago may be all there is to it.

Unilever/R-V

All those people who scoffed at Unilever for taking on such an embattled victim as Richardson-Vicks underestimated the bidder's ingenuity and aggression. U.S. takeover tactics may not yet be *fashionable* in Europe, but yesterday's broadside shows that Unilever, no less than Hanson Trust, is prepared to play the American game.

In effect, Unilever has found two ways of putting pressure on an entrenched family board. The revised, two-tier offer gives shareholders $56 a share – $2 more than last week's bid – as long as the board is prepared to recommend acceptance. If, however, *this is not forth*coming, the offer drops to $48, around $3 less than yesterday's price. The second prong of the attack comes in the form of litigation; having apparently decided that all U.S. hostile takeovers nowadays end up in court, Unilever has taken the initiative in suing Richardsoa-Vicks for allegedly misleading its shareholders. No doubt Unilever has been watching Hanson's treatment at the hands of the courts with a little interest.

Unilever has left no doubt whatsoever that this company is at tha top of its personal products list and a price of $1.35bn, should the board agree, would add only 10 points to its equity gearing. None tha less, the target still looks formidable and recedes as the company buys back its own shares; purchases of 2m shares or more may well have increased the family's stake to over a third – enough to block Unilever's chances of winning control.

Tarmac

Bad weather in the first half of this year might have laid some treacherous patches of black ice for Tarmac. In fact, the company steered nicely through them to produce interim pre-tax profits 15 per cent up at £41.6m. The cold winter and wet summer have not, of *course, helped. But delayed comple*tions of houses in the first half should just come through in a higher second half, leaving the whole year comfortably ahead.

While UK housing remains about the most promising division, results from the rest of the UK businesses are not so encouraging. If only the local authorities or the Government were to spend more money on the roads, pressure on margins might abate. But short of a pre-election spending spree oa infrastructure, prospects here are not particularly *bright*.

Tarmac is also pinning its hopes on the growth of quarry products in the U.S. Its recent acquisitions should contribute about $30m in the full year, and doubtless the company will soon find more to buy in America. Meanwhile, though, it *may have* to keep an eye on its gearing. Tha iaterest charge, at £12m, has doubled, and Tarmac will aeed to start revaluing some assets to keep debt at around 40 per cent of equity, even including the £36m from the recent sale of Plascom. But shareholders still seem happy to regard Tarmac as the *star of its* sector. The shares at 338p, down 4p yesterday, are on a prospective p/e of over 12, a good 2 or 3 points ahead of the competition.

Enterprise

In the end, Enterprise yesterday had no great difficulty in lining up its shareholders, including such big fish as RTZ, behind its offer for Saxon Oil; and the outlook for the count oa Thursday is beginning to look grim for the bid's opponents. Having used the oil market jitters to build up its stake ia Saxon to 21 per cent, Enterprise is in the excellent position of offering cash just at the moment whea any oil sector investor must be thinking longingly of the door.

But for those investors not wishing to build up a capital gains liability at this stage in the year, yesterday's interim results to June did produce some reasons for staying with oil as an Enterprise shareholder. The rise of a third in net income – after a small decline at the pre-tax level – indicates the extent to which Enterprise has transformed itself from a shell with production to a production company approaching tax efficiency; and in a market where the balance sheet is all, it is encouraging that Enterprise will still be in the black after *paying for Saxon – and its taxes.*

Whether Enterprise's prospective yield of 7 per cent, on a share price down 3p to 180p, is enough to deter income-conscious Saxoa holders from taking cash and moving into Britoil is quite another matter.

Peking sweeps out old guard

Continued from Page 1

military ties, reflecting Deng's determination to cut back the enormous political clout wielded by the military during the days of Mao Tse-tung.

Another significant Politburo figure to resign is Deng Ying Chao, the 82-year-old widow of the former Chinese premier Chou En Lai. The defence and culture ministers have also given up their Central Committee posts, suggesting that another ministerial reshuffle is on the way.

Unlike the purges of Chairman Mao, in which political opponents were summarily banished in disgrace, Deng has made certain that the departing leaders, whether they be supporters or not, leave with dignity and retain the perks of power.

The 64 resignations were submitted in a joint letter to the Central Committee. The self-effacing letter, which had signs of Deng's handiwork, said the mass resignation would be "a giant step towards rejuvenation."

"We regard it as our bounden duty to the party and the cause of communism to implement this strategic decisioa through our action," the letter said. "De facto life-long tenure in leading posts will be abolished and a system of constant renewal of members of the leading organs will be established."

While the sentiments expressed are all very honourable, several of those senior leaders who now find themselves in the care of the party are known to be displeased with China's direction and also displeased that they were called on to leave their seats of power.

Deng arranged the extraordinary conference because he was not prepared to wait the two years for the next scheduled party conference to overhaul the leadership, lay the foundation for a smooth succession of his power

French spending on nuclear deterrent escapes budget cuts

BY PAUL BETTS IN PARIS

FRANCE has confirmed commitment to a nuclear deterrent and modernisation of its navy in its defence budget next year. In contrast to other government departments defence will not suffer any real cut in spending.

The Government is due to approve its 1986 budget tomorrow at a Cabinet meeting. The budget will include for the first time since the second world war a real cut in public expenditure which will none the less rise above the FFr 1,000bn ($113bn) mark for the first time to FFr 1,034bn.

However, defence spending will increase by about 2 per cent in real terms with expenditure totalling FFr 156.3ba next year. This renewed commitment to defence spending comes just after President François Mitterrand's visit to French Guiana and the Pacific, where he reaffirmed at the weekend his commitment to the French nuclear deterrent and the space programme.

The auclear deterrent will account for one third of defence investment next year, while special emphasis is placed oa tha aavy and on France's rapid deployment force. The Government also intends to push forward with a space programme of military communications and observation satellites.

But the lion's share of the investment budget is going to the modernisation of the navy. This will include the start of construction of the country's first nuclear-powered aircraft carrier due to come into operation in 1994. The budget also confirms the Government's much-debated decision to go ahead with the construction of a seventh auclear submarine.

However, the Government appears to have decided to abandon any plans to acquire two or three Boeing-Awac air-surveillance aircraft. The French armed forces had shown increasing interest in Awacs since the French military intervention in Chad in 1983. But the Government appears to feel such a major project involving about FFr 10bn should be restricted to the domestic industry and not involve imported equipment.

The Defence Ministry is pleased overall with its budget aext year coming after two years in which defence spending in France has been frozen. But although this spending is increasing in real terms, some members of the military establishment continue to be worried by what they regard as an inadequate level of spending on conventional military programmes because of the Government's emphasis on the nuclear deterrent.

As for the 1986 budget in general, this is now expected to show a growth target of 2.1 per cent for the French economy next year compared with 1.5 per cent this year. This improvement is based on a recovery in purchasing power

The Government wants to hold down its budget deficit to 3 per cent of gross domestic product. At the same time, it plans to reduce income tax by 3 per cent and corporate taxes by 5 per cent if profits are reinvested in productive investments. Indirect taxes and public-sector charges are due to increase at the same rate as inflation – estimated at 2.9 per cent – with the exception of electricity, which will be lower. But the taxes on heavy fuel will be increased to help cut energy imports.

Thomson seeks computer partners

By Our Paris Staff

THOMSON, the French nationalised electronics group, is looking for partners in Europe to help boost its recent entry into the personal and small business computer market.

The French group appears especially keen to link up with Olivetti of Italy in the small computer business, although it is also discussing collaboration with other European companies.

Thomson's search for a European partner follows its failure to link up with Philips after the Dutch multinational decided to adopt last year the prevailing Japanese standard for personal computers. Thomson had hoped to set up as broad a collaboration as possible with Philips in personal computers in an effort to achieve the necessary economies of scale to compete on the international market.

M Jean Gerothwolh, head of Thomson's small computer division, suggested yesterday that the French group was holding talks with Olivetti and was interested in establishing ties with the Italian group.

M Gerothwolh said that "an alliance with a European company seems essential to launch an international standard." He also suggested that, should Thomson suffer a series of setbacks in its efforts to find a European partner, this could eventually lead to a review on the part of the French group of its computer strategy

UK sells $2.5bn floating rate issue

Continued from Page 1

France, official intervention reached a total of about $10bn, but most of it was by West Germany.

Although the UK's total reserves stand at about $14.3bn, some $4.3ba is in the form of gold and about $1.9bn is a reserve position with the International Monetary Fund. Not all of the $7.5bn held in convertible currencies would be available for foreign intervention at any one time.

The depletion of Britain's reserves since 1979, when the Conservative Government came to power, was partly an act of policy, reflecting its belief that the pound should find its own level on the currency markets without official intervention.

Total reserves, including gold, reached a peak of $27.5bn in 1980, but were then run down to pay off foreign debts. Some of these were incurred by the previous Government in the sterling crisis of 1976. Others were from an earlier date. Foreign currency borrowings, which reached a peak of $24bn in 1977, have now been reduced to about $11bn.

The decision to rebuild the reserves is partly a response to a gradual erosion since 1982 due to revaluations and normal foreign currency uses by the Government. However, it also indicates a much more active policy towards the exchange rate than a few years ago.

Bankers involved in yesterday's issue said they were able to place their allocations quickly and, even after the increase, one said "We could have placed more than our commitment." It seems unlikely, though, that the amount will be increased again

By the close the bonds were trading at a price of 99.67 per cent of the par issue price, a trading level comfortably above the 99.48 per cent price at which the 31 banks in the syndicate selling the issue bought the bonds.

London expels more Soviet citizens

Continued from Page 1

The two diplomats are Mr Evgueni Safronov, 37, a First Secretary at the Soviet Embassy, and Col Viktor Mishin, 42, an Assistant Air Attaché. The journalist is Mr Sergei Aleksandrovich Volovets, 47, the London correspondent of the Novosti newsagency, the businessman is Mr Ivan Vikulov, Director of the Anglo-Soviet Shipping office in London. The other two are embassy clerks.

Foreign diplomats in London saw the continuing round of expulsions as a desire by both governments to show that they intended to deal toughly with each other.

Mrs Thatcher, who has an image to keep up in Moscow as "tha Iroa Lady" – a description first used by the Soviets – clearly did not want to appear in a weakened position

Judging by his reaction to the British expulsions last week, Mr Mikhail Gorbachev, the Soviet leader, is widely expected to reply in kind to yesterday's further expulsions by Britain.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	T	23	73	Dubrovnik	S	25	77	Malaga	S	26	79	Salzburg	C	15	59
Akrotiri	S	28	82	Faro	F	24	75	Malta	F	23	73	Seoul	C	23	73
Algiers	S	26	79	Florence	F	25	77	Manila	C	32	90	Singapore	C	31	88
Amsterdam	F	15	59	Frankfurt	F	15	59	Miami	R	29	84	Stockholm	F	15	59
Athens	S	26	79	Funchal	F	25	77	Milan	R	16	61	Strasbourg	F	17	63
Bahrain	S	37	99	Geneva	S	17	63	Moscow	C	15	59	Sydney	F	20	68
Bangkok	R	29	84	Gibraltar	S	31	88	Munich	C	13	55	Taipei	S	33	91
Barcelona	S	24	75	Guernsey	C	15	59	Nairobi	F	27	81	Tangier	S	25	77
Beirut	S	27	81	Helsinki	F	13	55	Naples	F	27	81	Tehran	—	—	—
Belgrade	S	25	77	H. Kong	F	29	84	New Delhi	C	25	77	Tel Aviv	S	28	82
Berlin	F	16	61	Innsbruck	F	16	61	New York	S	25	77	Tenerife	S	25	77
Biarritz	F	19	66	Inverness	R	15	59	Nice	F	25	77	Tokyo	R	19	66
Blackpool	D	14	57	Istanbul	S	24	75	Oporto	S	27	81	Toronto	S	22	72
Bordeaux	S	19	66	Jersey	F	15	59	Oslo	F	15	59	Tunis	F	26	79
Brussels	F	15	59	Jo'burg	F	17	63	Paris	F	16	61	Valencia	F	25	77
Budapest	S	21	70	Las Palmas	S	25	77	Prague	F	17	63	Venice	R	20	68
B. Aires	R	10	50	Lima	C	18	64	Reykjavik	R	7	45	Vienna	C	15	59
Cairo	S	30	86	Lisbon	S	28	82	Rio de J'o	S	30	86	Warsaw	C	15	59
Cape Town	S	26	79	Locarno	C	16	61	Rome	F	26	79	Zurich	C	15	59
Caracas	S	28	82	London	C	16	61								
Casablanca	S	26	79	Los Angeles	C	28	82								
Copenhagen	F	13	55	Luxembourg	F	13	55								
Corfu	S	25	77	Madrid	S	26	79								
Dublin	D	16	61	Majorca	F	25	77								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Saudis to cut oil prices

Continued from Page 1

"*as a warning signal to other oil ex*porting countries," both those belonging to tha Organisation of Petroleum Exporting Countries (OPEC) and outside it.

"If this signal is heeded by the other exporters, the Saudis would *not push their productioa above the* current Opec quota of 4.3m b/d," says the newsletter. As a result of the new arrangements, Saudi output is expected to rise to between 3m b/d and 3.5m b/d compared with the level in August of little more than 2m b/d.

If production and price discipline among oil exporters can be established by *spring*, Saudi Arabia will be prepared to co-operate in the maintenance of an orderly market, according to the unnamed officials.

Mobil yesterday had no comment on the report about the pricing of refinery feedstock and a spokes*man for Shell said that it had* "not had discussions regarding this matter."

Mobil, however, is known to have been pressing for a more lenient price for feedstock ever since its Yanbu refinery started operations *just over a year ago. Its losses are* believed to have been running at $10m a month.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday September 17 1985

James Buxton looks at the part-privatisation of Italy's main telephone utility

SIP share sale rings the changes

WITH A lack of razzamatazz that the men who handled the stock exchange launch of British Telecom would find astonishing, the Italian Government is in effect selling about 30 per cent of its stake in SIP, the country's main telephone utility, to the public.

The first part of the operation began yesterday with the opening of an offer for the sale to the public of 70m ordinary shares in SIP. A further 5m are being placed through a London stockbroker with non-Italian institutional investors. When these and other parts of the operation are complete – in two to three years – about Lire 1,000bn ($514m) will have been raised.

Two or three years ago Italians and foreigners who follow Italy would have been rubbing their eyes in astonishment. The idea of the *state reducing its stake* in anything, let along finding anyone to sell it to, was unheard of. SIP was, until 1981, a company with serious financial *problems* and *managerial difficulties*. And institutional investors in the City of London were not saying, as they are now, that they needed shares *in* "blue-chip Italian state companies" to enrich their portfolios.

The SIP share sale shows how *much* Italy *has changed in the past* few years. There has been a concerted effort to revive and make more efficient some of the state-sector companies, especially in advanced sectors such as telecommunications. There has been a revival of serious interest in the Milan stock exchange, now climbing higher every day.

Part of this interest is fuelled by Italian savers pouring their money into newly created mutual funds, and part by foreign investors impressed not just by the revival of private-sector Italian companies, but also by the stability of a country whose Prime Minister, Sig Bettino Craxi, is close to breaking all records by staying in power for more than two years.

The sale of government-owned shares in SIP promises to be the *biggest* of a *series* of *partial* or complete privatisations of state-sector companies being carried out under Professor Romano Prodi, chairman of *the state industrial holding* company IRI. But it needs to be seen in its context. SIP is not a *nationalised* company, and has never been 100 per *cent government-owned*. Rather it is a good example of the Italian formula for state ownership of industry.

IRI controls SIP through STET, its holding company for the telecommunications and electronics industry. Stet owns 79 per cent of SIP, *and IRI directly holds a further* 4 per cent. The rest of SIP's equity is divided between small shareholders (8 per cent), Pirelli, the cables and types group (3 per cent) and identified institutions (6 per cent).

So for STET to cut its stake in SIP does not mean an ideological shift, but rather a return to the kind of balance between state and private shareholders that was common in the 1960s, before the state sector began to run into heavy losses and only the state would put in more capital. The present operation did not even require the approval of parliament.

Nor, it should be said, is the operation aimed at enrolling small private investors as direct shareholders in SIP. The 70m ordinary shares which went on offer yesterday at an official price of L2,700 each will be *allocated by a consortium* of Italian banks, all controlled by IRI, led by Mediobanca and Banco di Roma.

A further 50m *ordinary shares* are being placed by Quilter Goodison, the London stockbrokers, half among British institutions and half *among* U.S. and *other European* institutions.

All these 120m shares carry a warrant entitling the holder to buy *for a further* L2,700 a *savings share* in SIP on three dates to June 1987.

A further 30m ordinary shares are to be sold to Mediobanca for it to keep *in its investment portfolio*. In addition, up to 100m SIP ordinary shares will be handed to Mediobanca, which will be issuing bonds convertible into SIP shares.

When the operation is complete STET's holding of SIP ordinary shares will have been reduced to 51 per cent and that of the savings shares to 36 per cent. But many SIP shares will still be in the hands of banks owned by IRI or otherwise controlled by the state, or by mutual funds many of which are themselves under the management of banks belonging to the state.

So what kind of company is SIP? It is the leading concern in the complicated network of state-controlled companies and government organisations which operate Italy's none-too-advanced or efficient telecommunications. SIP handles all Italy's urban telephone traffic and *some of* its trunk traffic. It does not handle international calls, or tele-services, but it is the only Italian telephone company which *deals directly* with the public.

However, the role of SIP is being strengthened as a gradual reform of *Italian telecommunications creeps* forward. It is gaining responsibility from other organisations for most new telecommunications services, *such as Italy's new packet switching-system* of data transmission. And under a new Bill which the Minister of Posts is preparing it should gain control of all internal telecommunications.

If SIP's existence appears somewhat circumscribed, it used to be far worse. For three years in the late 1970s governments refused to allow it to raise its charges, in an unsuccessful attempt to hold down inflation. SIP plunged into loss and virtually ceased investing. Only in 1980 were the first increases in charges allowed, and from then on SIP's finances revived sharply.

Since 1981 SIP has been making profits and paying a dividend. But in 1984 profits declined by 44 per cent to L185bn (on total revenue of L7,800bn) mainly because of new delays in obtaining government approval for increases in charges. Since then, the charges have gone up again and SIP's finances look set for the next year or two.

But the sale of shares in SIP is going ahead without there being a hard and fast formula under which it could be certain of being able to raise its charges in line with, or just below the rate of inflation. It is still dependent on the decisions of ministers and, ultimately, of parliament, for its revenue increases.

SIP's new shareholders hope the Government will realise higher telephone charges may be essential to pay for investments that many politicians believe are essential. And they also hope that their very existence as shareholders – especially those abroad – will oblige the Government to treat SIP more seriously.

EUROBONDS

Goodyear jumbo cashes in on Swiss taste for U.S. names

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

GOODYEAR Tire and Rubber yesterday became the second major U.S. corporation this month to launch a jumbo issue in the Swiss bond market.

It is raising SwFr 238m through a 15-year, 5⅝ per cent issue priced at 100¼ per cent and led by Union Bank of Switzerland. The issue follows on from a SwFr 275m bond for R. J. Reynolds, the tobacco concern, and underlines the current appetite among Swiss investors for top quality U.S. corporate names.

Such names are still rare enough in the Swiss franc market for deals to be arranged on terms that allow a swap into dollars at lower cost than that available in the dollar sector *itself. Yesterday's deal* was part of a swap and included Goldman Sachs as a co-lead manager.

But the proliferation of swap *deals in the Swiss franc market is* also increasingly forcing the launch of bonds on preset terms rather than with indicated coupons as has been the traditional practice of this market.

A mixed to firmer market yesterday also saw the launch of a SwFr 100m, 10-year issue for Portugal with an indicated coupon of 6 per cent and led by UBS. Korea Development Bank is to follow up with an issue of about SwFr 70m to SwFr 80m later this week.

The Eurodollar market was dominated yesterday by the $2.5bn floating rate note for the U.K. Treasury but elsewhere business also had a Swiss flavour with the launch by UBS (Securities) of a $75m, five-year bond with equity warrants for Swiss Volksbank.

The issue carries an indicated *coupon of 8½ per cent* and is to be followed up by a warrant issue in the domestic market of SwFr 125m. The warrants on both issues will be fungible.

Each dollar bond will bear two warrants, one with a three-year life allowing purchase of a share at the closing price on September 24 and another with a five-year life carrying a 5 per cent premium. The warrants should be attractive given the steep run up in the bank's share price this year to SwFr 2,030 from a low of SwFr 1400 in April.

D-Mark bonds were also slightly firmer. The Council of Europe is raising DM 150m through a 10-year 6⅝ per cent issue priced at par by lead manager BHF-Bank. Den Danske Bank is leading a DKr 250m, eight-year, 10¼ per cent issue at par for the Nordic Investment Bank.

Mexico bank issues novel facility

BY OUR EUROMARKETS CORRESPONDENT

BANCO Nacional de Mexico, the state-owned commercial bank, has launched a novel $100m, four-year commercial paper facility in the U.S. as part of a plan to reduce its cost of funds.

The facility aims to wean the bank away from dependence on costly interbank deposit money, for which Banamex has been paying a premium of up to ¾ per cent over the London interbank deposit rate since the Mexican debt crisis in 1982.

Despite the recent signature by Mexico of a $48.7bn multi-year debt *rescheduling*, the *premium* still stands at around ½ per cent, though it should be virtually eliminated by the new facility.

The *deal involves* the *issue* of commercial paper guaranteed by the National Fire Insurance Company and backed up by standby letters of credit issued by banks whose deposits are being refinanced. Bankers say thet the issue of commercial paper guaranteed by an insurance company is not uncommon in the U.S., though this is believed to be the first time such a deal has been arranged for a bank.

Banamex yesterday declined to disclose the level of fee it is paying National Fire for its guarantee on the paper.

Bankers Trust is agent for the facility, while Merrill Lynch will be dealers in the paper itself. Banamex is now understood to be looking at other ways of refinancing its interbank deposits, including a note issuance facility.

● Iraq is quietly raising $500m in the *syndicated loan market through* a five-year credit led by Gulf International Bank.

The deal is officially intended to finance trade and the purchase of capital goods for development projects, but bankers believe it reflects an underlying need for Iraq to replenish its foreign exchange reserves which have been depleted by the long war with Iran.

Bankers said yesterday that the sensitive political background led the deal to be launched with a minimum of publicity and the fact that its existence has now become widely known in the market place may make syndication harder.

The credit carries a margin over Libor of 1 per cent, the same as that on a *similar* $500m deal arranged in 1983 through URAF, the Paris consortium bank. Other terms include a commitment fee of ½ per cent.

Front-end fees range up to a generous 1 per cent for banks willing to underwrite a big-ticket amount of $50m.

Investa buys into Elektrisk

By Fay Gjester in Oslo

IN A DEAL worth Nkr 280.8m ($33m) – one of the largest single share purchases ever seen in Norway – the Bergen-based Investa Group has bought a 25.2 per cent stake in Elektrisk Bureau (EB) a leading Norwegian electronics and telecommunications concern.

The sellers are a consortium of private interests led by a prominent Norwegian corporate raider, Mr Niels Bugge, and their joint gross profit on the deal has been estimated at about Nkr 40m. Mr Bugge *acquired a large block of EB shares* last spring, when the price was well below the Nkr 175 a share which Investa has now paid for 1.6m shares.

After the sale, announced *at the* weekend, speculative interest in EB appeared to vanish. Yesterday the share price tumbled Nkr 9 to Nkr 157, in heavy trading (28,400 units).

EB has long been the target of speculative buying by various investors. Only last month a subsidiary of Investa, Elektro Union (EU), came close to acquiring a controlling stake in the concern – from Mr Bugge and another large shareholder group. EU backed out at the last minute because of strong opposition from EB's board, management and labour force, which did not want to see one shareholder securing a controlling stake.

Investa has agreed with EB's *management* not to boost its holdings beyond 50 per cent, and has been welcomed as a hopefully serious shareholder by the board and employees. *The other main* shareholder, Sweden's LM Ericsson, also owns about a quarter of EB, so between them Investa and Ericsson now control *a majority of* the shares.

● Borregaard, the Norwegian forest products, metal, manufacturing and foodstuffs group, has paid Nkr 18.9m for 40 per cent of the 330,000 "B" shares in a Norwegian company, Viking-Askim, which has a market value of around Nkr 38m. Borregaard paid Nkr 130 each – around Nkr 15 above market price – for the shares, which have a par value of Nkr 100. It is understood to be interested in the company's snacks division, Viking-Polly.

Philips steps up VHS output

By Laura Raun in Amsterdam

PHILIPS, the *Dutch electronics* group, plans to begin producing VHS video cassette recorders at a second factory in the Far East as part of a *Y9bn video development* centre in Japan to be jointly operated by Philips and Marantz.

The new VHS plant sounds another death knell for Philips' own V2000 format, which has been eclipsed by VHS and not been produced in a year. The Japanese factory also confirms predictions by Mr Wisse Decker, Philips' head, that production facilities would be moved to the Far East if economies of scale could not be achieved in Europe.

With a small-scale production capacity of 100,000 VCRs a year, the Japanese factory will supplement a large-scale VCR plant being built in South Korea with a capacity of between 400,000 and 500,000 VCRs a year.

McDonald's adopts hostile bid defence

BY PAUL TAYLOR IN NEW YORK

McDONALD'S, the U.S. fast food chain, has adopted a "poison pill" takeover defence which, if triggered by a hostile takeover bid, among other provisions, would give shareholders the right to acquire shares in the surviving company at half price.

McDonald's, whose sales volume and margins have continued to expand despite growing competition, emphasised that its board of directors adopted the defensive strategy even though the group faced no immediate takeover threat.

"McDonald's has not been, is not, and does not expect to be involved in any discussions that could in any way affect the independence of our system," said Mr Fred Turner, McDonald's chairman and chief executive.

Nevertheless Mr Turner noted that the plan had been adopted because of "the current abusive takeover environment." Over the past year a number of major U.S. food *groups have been involved in multi*-billion dollar takeover bids.

Under the terms of the McDonald's plan shareholders will receive rights to purchase additional McDonald's shares. Each right would entitle shareholders to buy one newly issued share of McDonald's for $200 but would only be triggered if an individual or a group acquired 20 per cent or more of McDonald's stock or announced a tender offer for 30 per cent or more.

McDonald's, which boasts that it serves 18m people a day in 8,600 restaurants – 75 per cent of which are locally owned an operated by independent managements – in 39 countries, noted that the defensive strategy was mainly designed to head off partial or two-tier hostile tender offers that did not treat all shareholders equally, or a creeping acquisition of shares in the open market.

Political fears spark Paris Bourse rally

BY DAVID MARSH AND PAUL BETTS IN PARIS

A FLOOD of rights issues and other capital-raising operations by French companies on the Paris Bourse this month has been prompted partly by worries that a right-wing government next year could start to sell holdings in nationalised banks and industries.

The series of issues, including two long-awaited transactions by Peugeot and Michelin, two of France's biggest private-sector groups, has led to some indigestion on the bourse in recent days.

Bourse dealers, on the whole, are optimistic that the dip in the market this month represents only a correction rather than the start of a fundamental downturn. The bourse so far this year has gained about 20 per cent after rises of 16.5 per cent last year and 58 per cent in 1983.

The market – which was weak in July after a bout of worries over political uncertainties which could follow next year's general elections – has since steadied but slipped back again yesterday in light trading.

Bourse dealers and bankers say issue *managers* have advised companies to bring forward funding to pre-empt a possible tide of share sales next year under the right's nationalisation plans. "Next year we could have denationalisation to deal with – that could absorb a certain amount of cash," said one bourse dealer yesterday.

And an investment manager at one of France's large nationalised banks said: "There is a risk of a certain supply of issues next year. But we know the politicians won't force denationalisation if the market does not appear to be ready."

The neo-Gaullist RPR party headed by *M Jacques Chirac*, Mayor of Paris, has put forward a plan to raise up to FFr 10bn ($1.13m) a year by selling state stakes in banks and companies nationalised by the socialist administration in 1982, and those taken under state control by earlier governments.

Party officials admit, however, that the denationalisation plans could be held up by economic and political complexities.

Company treasurers and the financial markets are wary about the opposition's denationalisation plans. *The finance director of one of* France's top nationalised groups says privately that a tide of sales of state holdings in industrial and banking concerns could lead to such a glut of paper that these companies would be impeded from making new equity issues for several years.

One reason for the bunching of rights issues this month is that companies were deterred by the dip in the bourse earlier in the summer and have decided to launch their funding now before political uncertainties become greater, bourse dealers say.

This coincides with worries that market liquidity – swollen by receipts of France's burgeoning unit trusts and mutual funds – could be reduced this month by the Government's just-announced FFr 15bn bond issue.

Parallel to the new share activity on the main bourse is a heavy issue volume this month programmed for the unlisted market in Paris and on provincial stock exchanges, with about 30 companies planning to make their entry in the next few months.

PPG buys back 15% share stake

By Paul Taylor in New York

PPG Industries, the U.S. glass manufacturing group, said yesterday that it paid $529.8m in cash and notes, or $49.25 a share, to repurchase 10.79m of its shares – equivalent to a 15 per cent stake.

PPG said almost 8.9m of the repurchased shares were acquired from Pitcairn, a private company owned by descendents of Mr John Pitcairn, a PPG founder. The other sellers also traced their orgins to Mr Pitcairn. As a result, PPG said Pitcairn, until now PPG's largest single shareholder, no longer holds a stake in the group.

Mr Vincent Sarni, PPG's chairman and chief executive, said the Pittsburgh-based group, which is the world's largest producer of flat glass and industrial coatings and which also manufactures resins and chemicals, was able to repurchase the stake because "Pitcairn faced the need for greater liquidity."

The purchase price represents about a 13.5 per cent premium over PPG's *Friday* closing share price of $43¾. After the announcement PPG's shares were changing hands up $⅝ at $43.75.

Mr Sarni, who took over the chief executive's job a year ago, added that the stock repurchase will not change the implementation of *strategies at PPG. Last year* PPG reported net earnings up 30 per cent at $303m

Workforce cuts at U.S. computer group

By Louise Kehoe
In San Francisco

STORAGE Technology Corporation, the U.S. *computer peripherals* company, is to reduce its workforce by a further 500 people over the next three months and restructure its operations *along functional* lines.

Storage Technology filed for protection under Chapter 11 of the U.S. *Bankruptcy* Code last *October and* the company said that the current changes will play an important role in its emergence from bankruptcy.

The consolidations are designed to allow the company to focus on its computer tapes, disk and printer operations while streamlining support and *administration*, the company said. Sales, marketing and field engineering, as well as product development, will not be affected by *the cuts*.

Storage Technology laid off 500 people in June, citing the downturn in the computer industry

Schindler earnings held at SwFr 46m

BY WILLIAM DULLFORCE IN GENEVA

SCHINDLER, the Swiss lift manufacturer, expects to hold consolidated net earnings at approximately last year's SwFr 46m ($20m) in 1985 after reporting a 14 per cent climb in order volume to SwFr 1.07bn in the first half.

In lifts and escalators, which make up most of group business, sales rose 9.7 per cent to SwFr 950m. This was a lower growth rate than that achieved in the first six months of 1984. The slowdown is attributed to continuing stagnation in world construction markets.

Schindler Holdings reported billings for lifts were in fact slightly lower than in the first half of 1984 at SwFr 773m. However, the group order backlog as a whole at the end of June of SwFr 1.8bn represented an advance of SwFr 280m over the position a year earlier.

Schindler, now in the hands of a new management which plans to increase spending on research and development, is fighting hard to extend its share of a declining lift market in competition with Otis of the U.S., Kone of Finland and Japanese manufacturers.

In recent years Schindler has made important gains on the U.S. market and has started a successful joint venture in China.

INTL. COMPANIES & FINANCE

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gear-ing	Premium/Gearing Ratio
AICA KOGYO 17/8/90	19.50	21.00	760	18.30	4.84	3.78
CASIO COMPUTERS 6/3/89	34.50	36.00	1,600	3.06	3.59	0.85
C ITOH 4/5/89	31.50	33.00	434	5.81	3.64	1.60
C ITOH 20/1/87	50.00	55.00	434	24.52	2.16	11.27
DOWA MINING 20/7/90	8.50	11.00	650	30.50	7.66	4.03
FUJIKURA CABLE 28/4/89	8.50	10.00	333	28.66	8.04	3.56
HAZAMA GUMI 1/11/89	10.50	11.00	380	36.96	7.53	4.91
J.S.R. 26/4/89	8.50	10.00	381	36.12	7.62	4.74
JUSCO 22/12/88	81.00	85.00	869	21.81	1.78	12.23
KAYABA INDS 15/2/89	19.00	20.50	365	1.12	5.70	0.20
KUMORI PRINTING 20/12/89	18.50	21.00	2,200	34.46	4.38	7.87
MARUZEN 12/2/90	8.50	10.00	456	40.18	8.42	4.77
MINEBA 20/2/89	48.00	53.00	788	47.27	1.93	24.54
MIT CHEMICAL 20/1/87	94.00	98.00	476	37.89	1.42	26.59
MIT CORPORATION 7/11/88	26.50	28.00	620	3.78	4.32	0.87
MIT GAS & CHEM 20/3/89	30.00	31.50	416	5.12	3.76	1.36
MITSUI E/S 15/10/88	11.00	12.50	165	14.95	7.61	1.96
MITSUI E/S 10/12/87	25.50	27.50	165	11.05	4.32	2.56
MIT METAL 10/2/89	80.00	85.00	664	31.80	1.63	16.66
MIT METAL 10/11/89	13.00	14.50	664	20.68	6.55	3.15
MITSUI PETRO 18/2/90	25.00	26.50	429	10.23	4.62	2.21
NIPPON MINING 17/3/89	96.00	100.00	337	76.86	1.09	70.42
NIPPON MINING 15/6/90	11.00	12.50	337	58.57	5.87	8.97
NISSHO IWAI 1/2/89	11.50	13.00	267	18.88	7.14	2.64
NOMURA SECS 31/10/88	69.00	70.50	1,190	4.55	2.26	2.01
OHBAYASHI GUMI 5/4/89	76.00	80.00	448	1.19	2.14	0.55
OMRON TATEISHI 31/3/89	8.50	10.00	1,470	71.51	6.00	11.91
ONODA CEMENT 28/2/50	15.50	17.00	331	23.40	5.97	3.92
OPTEC DAI-ICHI 23/2/90	16.50	18.00	626	22.85	5.70	4.01
OSAKA TRANSF 29/1/90	15.00	19.50	488	21.56	6.08	3.54
RENOWN 24/1/96	15.00	16.50	765	20.86	5.70	3.66
RYOBI LTD 25/5/90	13.00	14.50	395	20.03	6.80	2.95
SEINO TRANS 17/3/89	14.00	15.50	1,220	9.16	8.36	1.44
SEIYU STORES 30/3/87	60.00	64.00	725	44.38	1.74	25.57
SONY CORP 26/4/90	15.50	18.00	3,720	40.56	4.89	8.29
SUMI CONST 24/3/89	62.00	67.00	319	4.25	2.31	1.84
SUMI HEAVY 24/2/89	24.50	26.00	286	5.32	4.50	1.18
SUMI REALTY 21/11/89	82.00	83.50	913	3.20	2.18	1.48
TOKYO ELECTRIC 14/3/89	7.50	6.00	1,010	81.41	7.78	6.91
TOKYO SANYO 8/6/87	161.00	156.00	644	73.07	0.96	76.74
TOKYU CORP 21/9/90	68.00	69.50	645	−0.94	2.55	−0.37
TOKYU DEPT STRS 20/7/90	19.50	21.00	536	13.11	5.24	2.50
TORAY INDS 5/3/87	25.50	27.00	535	7.47	4.27	1.75
TOYO ENG 28/2/89	53.00	57.00	690	54.93	1.75	31.47
YAMAMURA GLASS 8/5/90	12.00	13.50	452	27.89	8.77	4.12
YAMATO KOGYO 29/1/90	15.50	17.00	603	16.12	6.07	3.15
KOKUSAI KOGYO 19/8/90	18.50	20.00	1,900	21.26	5.00	4.26
SEKISUI CHEM 20/9/50	17.00	16.50	524	16.24	5.57	2.92
RICOH 20/9/50	15.00	16.50	978	18.15	6.04	3.00

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock, Beverly Kelly or Edward Cartwright on 01 [illegible] Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

Narrow success for plan to save Associated Hotels

BY DAVID DODWELL IN HONG KONG

AN 18-MONTH struggle to rescue Associated Hotels, the Hong Kong group whose main asset is the Hyatt Regency Hotel, narrowly succeeded yesterday when shareholders and 62 major creditors approved a plan to restructure the group, and eliminate debts amounting to HK$1.3bn (US$166.4m).

Associated Hotels is substantially controlled by the Cheong family of Singapore. It is thought to be the last of the major casualties of the 1982 property crash in Hong Kong. In the wake of approval for the rescue plan Mr Poon Cheong Kit, the group's financial adviser, talked of Associated Hotels as "a salt fish come alive"—a Cantonese idiom suggesting the group has been brought back from the dead.

As part of the restructuring, Associated Hotels will change its name to Tien Teck Land, reflecting the name of its parent company in Singapore. The Hyatt Regency will be controlled by a 46 per cent-owned subsidiary, Associated International. A refurbishment programme now in progress is likely to be complete by 1987.

New equity in Associated International, amounting to HK$161m, will be raised from Associated Hotels' shareholders. This issue has been underwritten by Indosuez Asia and Schroders Asia. A new secured loan worth HK$480m will be made available to International from Indoseuz Asia, the Hang Seng Bank, and Nanyang Commercial Bank. These and other moves will enable the group to repay all other international debts.

Associated's 62 bank creditors, grouped into five syndicates, will get about HK$54 compensation for every HK$100 owed, enabling Associated to eliminate debts amounting to HK$1.3bn.

The only major syndicate opposed to the rescue plan was that led by the Bank of Tokyo. This group accounted for debts amounting to 27.3 per cent of the voting power of creditors—enough to stymie the rescue plan which needed approval by 75 per cent of creditors.

After the final count, it was found that 76.65 per cent of creditors had voted for the rescue, suggesting that some members of the Bank of Tokyo syndicate either abstained nr opted to support the plan. The Bank of Tokyo, or members of its syndicate, are understood to be considering an appeal against yesterday's result.

Mr Poon Cheong Kit said after the day's votes: "It was a close thing, but the main fact is that the plan has got through. This is a company that a year ago had almost no hope, and now it has almost been brought back to life. It is still on a life suport system, but it now has a good chance to survive."

Details of the International share issue will be posted to Associated Shareholders on September 26, the company said. They will have until October 10 to consider whether to take it up or not.

● Mr Robert Fell, Hong Kong's Banking Commissioner, yesterday stepped in to assure investors in Wing Hang Bank after rumours in nearby Macao triggered a run on its branch in the Portuguese-administered territory. Wing Hang has 15 branches in Hong Kong, and is substantially controlled by Irving Trust of the U.S. The Banking Commissioner said details of the rumour were unclear, but had no substance.

Dollar-denominated bond issue for Bank of China

BY YOKO SHIBATA IN TOKYO

BANK OF CHINA plans next month to launch the country's first dollar-denominated bond since the 1949 revolution, according to Nomura Securities, which said on Friday that it would lead-manage the issue in the new Tokyo dollar market.

Nomura said the so-called Shogun issue, for public subscription in Tokyo, would be for $150m. Terms have not yet been set, but a coupon of about 10 per cent and a maturity of 10 years were suggested.

China remains in default on pre-1949 loans and is thus constrained from tapping the London or New York markets through bond issues. The dollar issues in Japan represent a further step — one of several made in recent months — in its process of rehabilitation as an international borrower.

Last week Orion Royal Bank led the return of China to the London markets through a $200m issue of floating rate certificates of deposit. This was also made in the name of Bank of China, the country's principal foreign trade bank.

The issue had been preceded over the past year by three deals in the Samuri market which raised a total of Y70bn ($289m). Two were for Bank nf China and one for China International Trust Investment Corporation (Citic), which was said in Tokyo to be preparing a dollar launch of its own, either there or in Singapore.

Normura is also leading a further Samurai issue for Bank of China, a Y30bn deal which is due to be signed this week.

Dunlop Olympic lifts dividend

By Our Financial Staff

DUNLOP OLYMPIC, the diversified Australian group which in July agreed the £34.5m ($46.3m) purchase of Chrloride's battery businesses outside the UK, yesterday announced a boost in its annual dividend and a one-for-10 rights issue aimed at replenishing cash reserves.

The announcement accompanied a set of results for the year to June which showed a 26.1 per cent gain in after-tax profits to A$80.1m. However, the figure was struck before extraordinary charges which at A$32m were more than 14 times higher than those incurred in 1983-84. This left attributable outcome some 21.6 per cent down on that year's A$61.3m.

Sales were up from A$1.5bn to A$1.85bn, and the total payout for the year is being lifted to 11.5 cents a share from 10.5 cents.

Sir Brian Massy-Greene, the chairman, said the company expected to maintain the dividend in the current year on the increased capital. The rights issue is priced at A$1.60, compared with a closing market price for Dunlop Olympic yesterday of A$2.56.

It will raise some A$53m, and follows a one-for-six offering made at the time of the interim results announcement in February.

Sir Brian added yesterday that the below-the-line charges reflected write-offs of A$34m as the value of goodwill and trade names related to purchases.

Dunlop Olympic, which has no remaining connections with Dunlop of the UK, has interests including car batteries, tyres and building supplies. The company plans to change its name to Pacific Dunlop.

RGC in agreed offer for stake in Allied Eneabba

BY KENNETH MARSTON, MINING EDITOR

RENISON GOLDFIELDS Consolidated (RGC), the 49 per cent-owned Australian arm of Consolidated Goldfields of the UK, is seeking to extend its profitable mineral sands interests by the proposed acquisition of Allied Eneabba, which owns adjoining mining leases in Western Australia.

RGC has agreed to buy the 50 per cent stake in Allied owned by Du Pont nf the U.S. for A$4.61m (£2.38m nr $3.10m), equal to 65 cents (33.5p) per Allied share. RGC will then move to a full acquisition by the offer to nther shareholders of nne RGC share for every six Allied shares.

The latter offer is worth about 93 cents per share on the basis of the current price for RGC shares. The lower price paid to Du Pont, together with the latter's agreement to pay higher prices for Allied's ilmenite under a long-term sales contract, was demanded by RGC which did not consider the market price of Allied shares to be justified.

Allied has been suffering financial and operational problems. RGC regards the acquisition as attractive because of the potential to rationalise Allied's operations with its own.

Japanese brokers set for record year

BY OUR TOKYO STAFF

THE JAPANESE securities industry, riding the crest of financial deregulation, is enjoying the biggest boom in its history. The country's 12 integrated securities houses—which include the big four—are all planning to increase their dividends for the year which ends this month.

The bright earnings picture stems from:

● A rally nn the stock market throughout the year, sustained by a substantial liquidity of institutional and individual investors;

● Brisk gains from bond dealings, enlivened by the lifting in June of restrictions on banks dealing in public sector bonds;

● A strong performance in the investment trust business.

It is unprecedented that all three sectors of their business performed well. The year is best illustrated by Nomura Securities, the largest, which is forecasting Y210bn ($868m) in pre-tax profits, up 55 per cent from the previous year. This represents the first time the Y200bn mark has been breached by a Japanese financial institution.

The company adds that the composition of revenue from the three sectors—stocks (46 per cent), bonds (39 per cent) and investment trusts (19 per cent)—reflects a better balance than in the past.

Nomura, which had relied primarily on equity business, intends to increase its dividend by Y0.5 to Y8 a share, the ceiling set under Ministry of Finance guide lines.

The other three major securities houses, Nikko, Daiwa and Yamaichi, all expect to report record pre-tax profits of Y108bn (up 48.8 per cent), Y120bn (up 53 per cent) and Y102bn (up 53 per cent) respectively. They plan to increase their dividends by Y1 to Y7.5.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 95	100	101⅝	101⅞	+0½	+0⅝	10.20
Amex Credit 12¾ 88	150	105½	106	+0½	+0⅝	10.33
AtlAnt Richfld 10¼ 00	250	93⅝	94⅛	+0¾	+0½	11.10
Australia COm 11¼ 00	100	103	103½	+0⅝	+0⅝	10.78
Australia Com 11 95	200	101⅝	102⅛	+0⅜	+0⅜	10.65
BP Capital 11¼ 00	150	102	102½	+0¼	−0⅛	10.59
Canada 11½ 90	500	104¾	105¼	+0⅝	+0½	10.03
Canadian Pac 10¾ 93	100	101¼	101¾	+0¾	+1¼	10.44
Canadian Pac 12½ 00	75	107	107½	+0½	+0⅝	11.43
Chevron U.S.AN 12¼ 89	600	104¼	104¾	+0⅝	+0⅝	10.91
Citicorp 10 88	200	99¾	100⅛	−⅜	−	9.99
Citicorp 11½ 00	150	100½	101	−0¼	+0⅜	11.36
Coca Cola 11¾ 91	100	106¼	106¾	+0¼	+0½	10.25
Denmark Kingdom 11¼ 89	100	102¼	102¾	+0¾	+0½	10.35
Denmark Kingdom 11½ 9'	100	102⅛	103⅝	−0¼	−0⅛	10.51
Denmark Kingdom 11½ 92	100	102½	103⅜	+0⅝	+0⅞	10.78
Denmark Kingdom 13¼ 91	100	110⅛	110⅝	+0⅝	+0½	10.31
E.D.F. 10 95	225	95	96½	+0¾	+0¾	10.80
E.E.C. 9⅝ 90	350	97⅛	97⅝	−	−	10.32
E.E.C. 11¼ 00	100	102⅜	102⅞	+0½	+0⅜	10.31
E.I.B.N 12 95	200	105½	106⅝	+0⅝	0	10.87
Export Dev Corp 10 00	100	99¼	99¾	+0⅜	+0⅜	10.11
Export Dev Corp 12 89	100	105¾	106¼	+0½	+0½	10.13
Fed Dep Stores 10⅝ 95	100	96½	97	+0¼	+0¼	10.68
Ford Motor Cred 11⅝ 00	100	102¼	102¾	+0⅝	+0¼	10.88
Ford Motor Cred 11⅝ 95	100	101½	102	+0⅝	+0¼	11.29
Ford Motor Cred 11¾ 92	100	102⅝	103⅛	+0¾	+0⅛	11.08
Ford Motor Cred 12 00	100	104⅛	104⅝	+0¾	+0½	11.28
Gen Elec Credit 10¼ 00	200	100	100½	+0⅜	+0½	10.17
GMAC 10¼ 89	200	100¼	100¾	+0¾	+0¼	10.05
IBM Credit 10⅜ 2000	300	101	101⅛	0	+0⅜	10.19
Kellogg Company 10⅞ 00	100	102	102½	+0⅛	+0½	10.17
Kellogg Company 11¼ 92	100	102¾	103¼	+0½	0	10.55
L.T.C.B. 12¾ 91	100	108⅛	108⅝	+0½	+0¼	10.89
Macy Cred Corp 11¾ 95	150	103⅝	104⅛	+0¾	+0⅞	11.04
Merrill Lynch 12¾ 89	100	104¾	105¼	+0½	+0⅜	11.14
Minnesota 11½ 87	100	103¼	103¾	+0¼	+0¼	9.54
Mitsui Trust 11⅝ 00	100	101⅞	102⅜	+0⅜	−0⅜	11.09
Morgan Guaranty 12⅛ 00	150	105	105½	+0⅝	+0¾	10.49
Pru Realty secs 12⅛ 00	546	106⅝	107⅛	0	+0⅛	10.80
Qantas Airways 10⅜ 95	140	98⅜	98⅞	+0⅝	+0⅜	10.68
Quebec Hydro 11½ 92	100	103⅜	103⅞	+0¾	+0⅞	10.73
Queensland Govt 10¼ 95	100	97	97½	+0⅜	+1	10.71
Ralston Purina 11¾ 95	150	104⅛	104⅝	+0⅝	+0⅜	10.97
Ralston Purina 12¾ 00	100	107½	107⅞	+0⅛	0	10.59
Saskatchewan 10¾ 92	100	100¾	101¼	+0⅛	+0⅜	10.50
Saskatchewan 11⅞ 89	100	105¼	105¾	+0⅜	+0½	10.17
Statoil 10 90	170	99¾	100¼	+0¼	+0½	10.20
S Wales Trsy 11¾ 90	150	104⅛	104⅝	+0⅜	+0⅜	10.47
Swed Exp Cred 10 92	100	97	97½	+0⅝	+0⅜	10.57
Swed Exp Cred 12¾ 89XW	100	106⅞	107⅜	+0⅛	+0⅜	10.47
Sweden Kingdom 10⅞ 00	200	101⅝	102⅛	+0⅜	+0¾	10.38
Sweden Kingdom 11½ 89	200	103⅜	103⅞	+0⅜	+0⅛	10.37
Sweden Kingdom 11¾ 94	100	105¼	105¾	+0⅝	+0½	10.75
Tenneco Corp 10¾ 00	150	99⅝	100⅛	+0⅝	+0¾	10.75
Texaco Capital 11¼ 95	250	99⅞	100⅜	+0⅛	0	11.08
Tokai Asia 11½ 00	100	102	102⅛	+0¾	+0⅝	11.08
United Tech Fin 10⅜ 00	100	98¼	98¾	−	−	10.67
Victorian Rep 11⅝ 92	150	103¾	104¼	+0⅛	+0½	10.72
World Bank 10⅛ 95	300	97	97⅛	+0½	+0⅝	10.58
World Bank 12¾ 94	200	110⅞	111⅜	+0¼	+0¼	10.87

Average price change On day + 0½ on week + 0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	109¼	107	0	0	6.59
Austria Republic 7⅞ 94	200	104¾	105½	−0⅛	+0½	6.88
Baxter Travenol 7¼ 94	200	103⅞	104⅝	+0¼	+0⅞	6.57
Copenhagen 7⅜ 95	150	101⅝	102⅜	0	0⅝	7.07
Credit National 8⅛ 94	200	107⅝	108⅜	+0¼	+0½	6.83
E.I.B. 7½ 94	300	103⅜	104⅜	+0½	+1⅛	6.65
Escom 8 92	150	93⅛	93⅞	+0¼	−1	9.35
Ex-Im Bk Korea 7⅜ 90	100	99⅛	99⅝	0	0	7.77
Ferrovie Dello Stato 8 91	100	105⅛	106¼	+0⅜	−0⅛	6.62
Finland Republic 7 92	200	101⅝	102⅜	0	+0⅝	6.59
Gould Int Fin 7⅜ 91	100	104⅜	105⅛	0	−0⅝	6.50
Ireland 8⅛ 92	150	105⅝	106¾	0	+0¼	6.80
Japan Fin Corp 7⅝ 91	100	105⅛	105⅞	+0⅛	+0⅛	6.45
Mitsubishi Hvy 3½ 89XW	300	92⅜	93⅛	+0¼	−0½	5.82
Mitsubishi Met 3¼ 89WW	100	105⅛	106⅞	0	+0¼	1.77
Mitsubishi Met 3⅛ 89XW	100	89¾	90⅛	0	−0⅝	6.00
Quebec Hydro 7⅝ 95	200	103	103¾	0	−0⅛	6.64
Zenta 7¾ 95	100	103⅝	104⅛	−0⅛	−0⅛	7.17
Renown 3½ 90	80	107¼	108¼	−2¾	+1¼	1.44
Soc Cent Nuclear 7½ 95	150	101	101¾	0	0	7.05
Societe Cent NuClear 8 91	100	107¼	108	+0⅛	+0⅜	6.36
Sth African Tran 7⅜ 92	100	91⅜	92½	+1¼	−0⅜	9.24
World Bank 7 95	600	101⅞	102⅛	−0⅞	+1¼	6.71
World Bank 7¾ 99	100	103⅛	103⅞	−0¼	−0¼	6.85

Average price change On day 0 on week + 0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	† 102	102¼	+0¼	+0⅛	5.94
Avon Cap Corp 5⅝ 94	130	† 99¾	100	−0⅛	−0⅛	5.38
Brit land Comp 6½ 99	75	† 103¾	104	+0⅛	+0⅛	6.05
Council of Europe 6 92	120	† 104	104¼	+0¾	+0¾	5.29
Creditanstalt 5½ 94	100	† 99¼	99½	−0⅛	−0⅛	5.58
Deutsche Bk Fin5⅝ 95	100	† 101¼	101½	−0⅛	+0⅛	5.19
E.I.B. 5½ 94	120	† 102¾	103	0	+0⅛	5.46
Gen Occidentale 4½ 94	80	† 100¼	100½	0	−0⅜	4.85
Glendale Fed.S&L 5½ 95	100	† 100	100¼	[illegible]	[illegible]	5.48
I C Industries 5⅞ 94	125	† 102	102¼	−0⅝	−1⅛	5.32
Ind Fund Fin 5¼ 94	40	† 102¾	102½	+0½	+0⅝	5.01
Int-Am Dev Bk 6¼ 94	120	† 103⅛	103¾	+1	+1⅛	5.80
N.Zealand steel 6⅜ 98	70	† 99½	99¾	+0⅜	+0⅛	5.79
Oberos Kftwk 5⅜ 95	110	† 99	99¼	−0⅜	−0¼	5.46
Ralston Purina 5⅜ 94	125	† 101	101¼	0	−0¼	5.21
Santos Finance Ltd 6 94	130	† 100¼	100½	−0⅛	+0⅛	5.84
Tokyo Elec Pwr 5½ 93	120	† 100½	100¾	−0⅛	+0¼	5.38
Tokyo Metropolis 5¼ 94	80	† 95¼	95½	−0⅜	−0⅜	5.33
World Bk 5¼ 94	150	† 101½	101¾	0	−0⅜	5.52

Average price change On day 0 on week 0

† YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
FinlandRepublic 6¾ 90	15	100⅞	101⅜	+0¼	+0⅝	6.45
Gdyr Tr & Rubber 7⅛ 95	25	100⅛	100⅝	+0¼	+0½	7.05
Mort Bk Denmark 7 92	10	100⅝	101⅛	+0⅛	+0½	6.82
New Brunswick 7⅛ 95	10	102⅛	102⅝	+0¼	+0½	6.78
Swel. Exp Cred Zero 90	14	72⅛	72⅝	0	0	6.84

Average price change On day + 0⅛ on week ⅛ 0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Fin 13⅝ 92 SA	55	99¾	100¾	0	−1⅝	13.55
Rural & Inds. 13¼ 88SA	50	96¼	97¼	+0⅝	+0½	14.67
SBSA Finance 13 88 SA	50	94¾	95¾	−0½	−0¼	15.19
Amex 10¾ 90 C$	50	98¾	99¼	−0½	−2½	11.00
Gerstar Fin 11¾ 95 C$	75	98⅜	98⅞	−0¼	−0⅜	11.98
Hawal-Wenth 10¾ 95C$	25	† 91½	95	−1	−1¼	11.65
Loblaw Cos 11⅝ 92 C$	50	† 98⅝	99⅛	−0⅜	−1¾	11.85
New Brunswick 11⅞ 95C$	75	† 100	100½	−0½	−1⅜	11.86
Shell Canada 11¼ 92 C$	75	100⅞	101⅜	−0¼	+0¾	10.90
Winnipeg City 10⅜ 90C$	50	98⅞	99⅜	−0¼	−0⅝	10.95
Chrysler Fin Corp 17 90N$	65	91½	93	−	−	18.56
K.O.P. 16¾ 91 N$	50	† 89	89¼	−	−	18.54
Privatbanken 16⅜ 00 N$	50	95½	97	−	−	18.08
Creditanstalt 8⅞ 94ECU	68	99⅛	99⅝	+0½	0	8.97
Motorola 8⅞ 92 ECU	50	9x⅞	99⅜	+0½	−0¼	9.13
Walt Disney 9⅜ 00 ECU	50	101⅜	102⅛	+0¼	−0⅛	9.89
ITT Corp 7 00 FL	150	101¼	101¾	−	−	6.59
Mellon 7 90 FL	100	100½	101⅜	−	−	6.71
Thyssen 7¼ 90 FL	50	100⅞	101⅜	−	−	6.97
Wereldhave 7½ 00 FL	75	102	102½	−	−	6.93
Wessanen 6¾ 95 FL	50	97⅞	99⅜	−	−	8.00
IBM France 11⅛ 00 FF	700	50½	93	0	−0¼	11.45
Australia Comm 11 92 £	40	99¾	100¼	−0⅛	−0¼	10.97
BP Capital 10⅜ 92 £	50	98¾	99¼	0	0	10.66
E.I.B. 11⅛ 93 £	50	100⅛	100⅝	0	0	11.02
GMAC UK Fin 10½ 90 £	30	98¼	98¾	0	+0¼	10.89
Imp Chem Inds 11¼ 95 £	75	99⅝	100⅛	−0⅛	+0⅛	11.27
Imp chem Inds 10¾ 92 £	75	97⅛	97⅝	0	0	11.31
Mcdonalds 10⅞ 90 £	40	99⅝	100⅛	−0⅛	0	10.87
Mitsubishi Fin HK 11 90 £	50	00¼	99¾	−0⅛	−0⅜	11.11
Privatbanken 11⅞ 92 £	00	100⅛	100¾	−0⅛	−0¼	11.75
Rank Xerox 11 92 £	40	98¾	99¼	0	−0⅜	11.19
Royal Ind 10¾ 92 £	60	96½	97	0	−0⅛	11.45
Ster Drug Cap 10¾ 00 £	30	98¾	99¼	−0⅛	0	11.13
Tricentrol XW 11 92 £	35	94¼	94¾	0	0	12.21
Tsthouse Forte 11⅛ 90£	50	98¾	99¼	−0⅛	0	11.37
World Bank 11¼ 00 £	100	101⅛	102	0	−0¼	10.93
E.C.S.C. 10⅛ 94LF	100	103¼	104¼	0	+1¼	9.84
Nat Lux Alum 10½ 92 LF	600	104	105	+0⅛	+0¼	9.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	† 99⅝	100⅛	27/8	9.6	9.61
BankAmerica O/S 5¼ 80	0⅛	99⅞	100⅜	3/9	8⅛	8.11
Bankers Trust 5 2000	0	50⅝	99⅞	11/8	7.88	7.71
Bankers Trust 5¼ 96	0⅛	100¼	100½	13/11	8.31	8.28
B.F.C.E. 5¼ 99	0⅛	100⅛	100½	13/9	10.38	10.82
B.N.P. 5¼ 96 (July)	0⅛	99⅞	100⅛	22/1	8¼	8.25
C.C.F. 5¼ 97	0	99⅝	99⅞	22/8	10⅝	10.65
Chase Man'n 5 2000	0	99⅝	100½	12/11	8⅛	8.14
Chase Man'n 5¼ 2009	0⅛	99⅞	100⅜	5/8	7.81	7.80
Citicorp O/S 5¼ 96 Sep	0⅛	99¾	100	19/12	11.19	11.20
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	8.59	8.52
Hanwa Co 8 00 SF	0⅛	† 100	100¼	12/3	3⅛	3.12
Ireland 5¼ 97	0	100	100¼	28/10	8.80	8.68
Ireland 5¼ 99	0	100¼	100½	14/8	10	9.96
Italy, Republic 5 94	0⅛	100⅛	100⅝	12/11	8⅞	8.84
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99⅛	100	19/12	8⅞	8.15
Nat West Perp A 5¼ S	0¼	99⅝	99⅞	9/1	8¼	8.27
Nat West Perp B 5¼ S	0⅛	99¾	100	10/2	8.91	8.89
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.59
Queensland Coal 5⅛ 96	0¼	100¼	100⅛	12/11	8	8.07
Roy Bk Canada 5 2005	0⅛	99⅝	100½	5/8	8⅛	8.14
Roy Bk Scot 5¼ 2005 £	0	9y⅛	99⅜	1/11	11.00	11.75
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100¾	12/12	8⅛	8.06

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	108⅝	109⅝	+0½	4.86
Comcast 7 2000	12/85	23.875	† 103¼	104	0	28.03
Fanuc 3¾ 98	1/84	7032.3	152⅞	154⅛	+0¾	36.92
Fujitsu 3 99	5/84	1320.9	82⅝	83⅝	−0⅛	28.71
Kumagai Gumi 3½ 2000	3/85	600	151½	152¾	+0¾	−0.75
Marui 3¼ 99	7/84	1162	124⅝	125⅝	+0⅞	1.21
Mitsubishi Elec 2⅞ 00	3/8u	422	90⅛	91⅛	+0½	4.73
Murata 3½ 99	2/84	2351.2	91⅞	92⅞	+0½	31.25
Murata 3½ 2000	7/84	2398	91⅞	92⅞	+0⅛	34.84
Nippon Elec 2⅞ 2000	1/85	1285	83⅝	84⅝	0	27.44
Nippon Oil Co 3 2000	5/85	923	88¼	89¼	+0⅜	3.32
Oki Elec Ind 3½ 99	10/84	805	85⅞	86⅞	+0⅛	30.24
Orient Leasing 5¼ 99	8/83	2680	95¼	96¾	−0⅛	1.30
Sekisui House 3 99	6/84	812	144⅞	145⅞	+0⅝	1.6x
Sumitomo Bank 2¾ 2000	8/85	2142	95½	96½	−0⅜	18.87
Sumitomo Corp 2⅞ 80	5/84	593	112⅞	113⅞	0	1.86
Taiyo Yuden 3¼ 2000	3/85	1078	† 81	83	+0¾	−1.21
Takeda Riken 3 2000	10/84	7663	† 77	79	−1	28.67
Tokyo Sanyo Elec 3½ 99	12/84	772	94⅝	95⅝	−0⅝	10.30
Toshiba Ceramics 3 2000	4/85	1734.2	90½	91½	+0⅛	8.00
Nippon Oil Co 2⅝ 92 SF	3/84	1052	† 101	102	+0¼	31.34
Nippon Shinpan Co 2 92 SF	3/84	801	† 98½	99½	−0¼	11.95
Asics 5 92 DM	12/83	520	107	108	0	29.59
Sum Sealty 6¼ 92 DM	2/83	3x8	† 323¼	324¼	+2	−8.00

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Pargesa share sale planned

By Our Financial Staff

PARGESA, the Swiss financial group linked to Groupe Bruxelles Lambert of Belgium, plans to raise SwFr 103.5m ($44m) through a two-stage share offering.

The company, which is stepping up its dividend for the year ended June, 1985 to SwFr 55 per bearer share from SwFr 48, is to issue new registered shares and make rights issues in existing lines of capital.

Pargesa, which has a 25 per cent stake in GBR, has a number of major shareholders including the Albert Frere group of Belgium.

INTL CO'S & FINANCE

Power Corp in Quebec TV deal

By Robert Gibbens in Montreal

POWER Corporation of Canada, controlled by Mr Paul Desmarais, a Montreal financier, is buying control of Télé-Métropole, operator of the private commercial TV network in Quebec, for C$97.8m (U.S. $71m). The deal is not expected to meet any regulatory hurdles because the federal Government recently eased the rules on cross-ownership of broadcast outlets and newspapers in the same city.

Power, a large financial services, communications and industrial group, already owns La Presse, the second largest French-language daily newspaper in Montreal, and three regional newspapers in Quebec. Mr Desmarais also has communications interests in Quebec city.

Télé-Métropole owns interests in three other Quebec television stations, besides operating its principal Montreal outlet, and also owns film and TV production assets. In recent years it has diversified into oil and gas exploration. In the nine months ended May 31 the company earned C$13.2m on revenues of C$88m. It has substantial cash reserves.

Heineken in $15m Bahamas brewery deal

By Nicki Kelly in Nassau

HEINEKEN, Europe's largest beer maker, has started construction of a $15m brewery in Nassau in association with two Bahamian partners.

When completed in mid-1986 the brewery will have a production capacity of 1.2m cases a year. Besides Heineken, the plant will produce Guinness and at least one additional brand specially selected for the Bahamas. These products will be sold only in the Bahamas, said brewery manager Mr Ijsbrand van der Krieke. "At a later date we will investigate opportunities for exporting other products and brands," he said.

Seventy-five per cent of the shares in the brewery are owned by a holding company in which Heineken has a $4.5m majority interest. The other partners are the Italian brewery Peroni and the Bacardi company. The remaining 25 per cent of the brewery is owned by two Bahamian liquor distributors, Butler and Sands and Abdab.

The Bahamian facility is the second Heineken brewery to be built in the Caribbean, although the company holds interests in seven other breweries in the region.

Canadian mine group seeks share buyback

INCO, the Canadian nickel producer, has taken a further step to strengthen its financial position and reduce after-tax financing costs by seeking to purchase one-half of its C$250m (U.S.$182.25m) floating rate preferred shares, Series "A".

Holders have been asked to submit competitive tenders and Inco expects to complete the purchase by the end of this month.

• • •

Pegasus Gold of the U.S. is to make an agreed tender offer for Canada's Centennial Minerals, operator of the Montana Tunnels gold project near Helena, Montana.

Holders of Centennial Minerals are offered 30 common shares of Pegasus plus 100 share purchase warrants for every 100 shares of Centennial.

Five Pegasus share purchase warrants give a three-year option to purchase one Pegasus share for C$14.57. The offer does not apply in the U.S.

• • •

International Corona announces the official start of production at its 45 per cent-owned underground gold mine at the burgeoning Hemlo gold camp in north-west Ontario.

Teck Corporation owns the other 55 per cent of the mine which has a life prospect of over 15 years with ore reserves of some 10m tons grading an average 0.36 oz (11.2 g) gold per ton. It is planned to build up gold production to an annual rate of 240,000 oz by 1988.

• • •

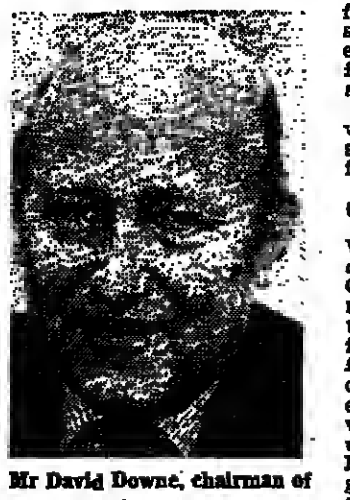
South Africa's New Wits says that the mining companies in which it is largely invested should do well in the current financial year as things now stand. Mr B. R. van Rooyen, the chairman, thus expects earnings of New Wits to be increased "with room for a further increase in dividend distributions."

• • •

The South African Tweefontein United Collieries is declaring a final dividend for the year to September 30 of 51 cents (15.1p), making a total of 91 cents against 84 cents. The Coronation Syndicate subsidiary is declaring an unchanged dividend of 2 cents for 1984-85.

UK COMPANY NEWS

Year of consolidation at Dalgety



Mr David Downe, chairman of Dalgety

Dalgety, the international merchanting group, bas reported marginally higber pre-tax profits of £67.5m for the year ended June 30 1985, compared with £67m previously. Turnover rose sligbtly from £3.7bn to £3.77bn.

Mr David Donne, the cbairman, says the year was one of consolidation for the group. The current year, which will include the benefits of the Gill & Duffus acquisition, will see another step forward in the company's growth, he states.

Stated earnings per £1 share increased from 50.3p to 55.7p and the dividend total is to be raised 1p to 25p net, with a final of 14p (13p). A one-for-one scrip issue is also proposed.

Last year's results included a £4.6m contribution from the group's New Zealand investment, Dalgety Crown, which was sold in September 1984.

Group trading profits came to £95.6m (£93.3m), before charging interest of £31.8m (£31.6m). Related company profits of £3.8m *(£6.2m) included £0.6m (£2m)* in respect of the Dalgety Crown shareholding.

Dalgety Farmers (Australie) became a related company on June 28 1985, following disposal of 16 per cent of its equity which reduced the Dalgety bolding from 65 per cent to 49 per cent.

UK profits for the year were up by £8.4m to £55.4m, with the benefits of the RHM Agriculture acquisition being reflected in a substantial increase in the contribution from the agriculture division. Milling, trading and technical products all showed increased profits. Profits from malt and foods did not match last year's levels.

In the U.S. there was a profits fall from £16.7m to £13.1m. A major expansion of the highly successful Martin-Brower activities incurred increased operating costs wbich resulted in a temporary narrowing of margins.

Canadian profits dropped to £7.2m (£9.9m). These trading activities suffered from depressed conditions while the strength of the U.S. dollar, coupled with weakness in the Swedish krona throughout much of the year made this a difficult period for the Canadian lumber operations.

Australia had *an excellent* year, says Mr Donne, although the full effect was offset in the group's consolidated sterling accounts by the sharp fall of the Australian dollar. Profits were £4.8m higher at £19.9m.

The chairman says that in strategic terms the highligbt of the year bas undoobtedly been the acquisition of Gill & Duffus, giving the group a leading position in e world commodity, cocoa, a strong presence in insurance broking, a food business easily grafted on to its own and e major trading expertise *relevant to many parts of the* business.

After a lower tax charge of £22m (£25.7m) reflecting a reduction in overseas tax, net profits came out et £45.5m, against £41.3m. Extraordinary charges took £9.3m (restated £16.3m) including e £4.1m loss arising from the disposal of UK meat slaughtering activities, and attributable profits emerged at £34.4m (£23.1m). Dividends absorb £19.8m (£19m.)

Loan capital at the year end was £151.1m (£162.2m) with short term borrowings down from £55m to £35.1m.

● comment

With Gill & Duffus unconsolidated *in Dalgety's figures*, tha City could only mull over the misfortunes that can still befall the old group: e dip in profits from Canadian lumber and a £4m-odd dent in the translation of Australian earnings through e depreciating currency. These were broadly to be expected, as *was the lower contribution from* Martin-Brower; but this business grew 20 per cent in sales and the charge to profit from expanding the distribution network for MacDonald's is money well spent in the City's eyes. For the momant, Dalgety is likely to remain an income stock—on a *prospective yield of 8.5 per cent* on a sbare price up 6p at 438p—reflecting those mature or cyclical businesses beside such stars as Martin-Brower. What can be done with *Gill & Duffus* has yet to be seen—bnt the group is being markedly less outspoken now ebont the synergy effects.

Grass machinery lifts Ransomes Sims

Ransomes Sims & Jefferies, machinery maker, bas announced a 38 per cent increase in pre-tax profits, from *£2.2m* to £3.04m, in the first balf of 1985. The comparable figures are restated.

Turnover for the Ipswich-based company has improved by 20 per cent to £33.21m against £27.71m, giving an operating profit up by £997,000 to £3.96m.

Looking aheed, Mr H. A. Wbittall, the chairman, says the board anticipetes the continuance of the strong performance by grass machinery, but tha generally depressed market for farm machinery is likely to continue into the second half.

This will affect the full year results, but, he says, the strong position of the group remains, and overall, the board expects, as stated in the annual report, that a further improvement in profits for 1965 will be achieved.

Against this background the directors have declared an *interim 1.5p dividend, against* 1.2p adjusted for subdivision of the £1 shares into four 25p shares, and e one-for-four scrip issue in May 1985. A total of 4p, adjusted, was paid in 1984, on profits of £5.31m.

So far it has been a good year for sales of grass cutting machinery by the parent company, with increased sales in the UK and a particularly strong export performance.

The chairman says that the subsidiary companies beve also performed well on grass machinery, with the U.S. subsidiary making further progress. Ransomes France increased turnover, and Ransomes Deutschland recovered from the difficult year it experienced in 1984.

He points out that shareholders will be aware of the difficulties facing European agriculture, compounded by a lete and difficult harvest brought about by unusually edverse weather conditions. In this situation the company has faced e depressed market, but the directors are confident of the strength of its competitive position.

Reorganisation of the Ipswicb factory to improve efficiency and cost effectiveness bas continned and the benefits of this continue to come through, be adds.

*The acquisition of G. D. Mount*field in August brought in to the group a "first class company, manufacturing and selling a ranga of grass cotting machinery

For this half there were higher interest charges of £921,000 (£762,000), and tax rose from £815,000 to £1.1m. Net profits emerged at £1.94m against £1.39m, for earnings per share of 7p (5p adjusted).

● comment

Heving been caught out by last year's leap in profits, analysts were more or less prepared for another good performance from Ransomes in the first balf, and the shares edged up 6p to 138p. Wet weather, it seems is good news for grass cutter manufacturers and sales in the UK, wbere the rain was unrelenting, were well np over last year. Exports were also bouyant, especially to the U.S., wbere Ransomes has gained an encourgaging foothold. However, conditions in the market for agricultural machinery remain depressed and uncertain, and the lateness of the harvest may mean that some farmers will put off this year's purchases altogether. The second half, usually the stronger of the two, may be flet this time as the company will also be carrying the full cost of the Mountfield acquisition, which will not start contributing until next year By then growth should resume as Ransome's canny programme of cost cutting continues, and as Mountfield begins to prove *itself to have been e wise buy*. On profits of £6.2m this year and a tax charge of 35 per cent, the shares are on a somewhat shortsighted p/e of 9.

Massey Ferguson doubled

Massey-Ferguson Holdings, a wholly-owned subsidiary of Canada, which makes tractors and agricultural machinery, engines end industrial machinery, more than doubled pre-tax profits to £19.17m in the half-year to July 31 1985 *against* £8.99m last time.

Turnover was upto £316.71m compared with £302.63m, and profits per share rose sharply to £77,100 egainst £45,600.

The company says that, as predicted in its annual report in May, it bas benefited from contimued improvements in efficiency and reduced costs but the general market outlook continnes to lack buoyancy.

Overseas taxation took £454,000 (£38,000), giving after-tax profits of £18.77m (£8.86m).

Enterprise holders approve Saxon bid

By Frank Kane

Enterprise Oil shareholders, including the 29.9 per cent represented by the Rio Tinto-Zinc stake, have approved the £121m offer for Saxon Oil.

Mr Julian West, the Enterprise finance director, said that there had been no votes against the proposed acquisition at yesterday's extraordinary meeting, which had been taken on a show of hands. He added that he had always been confident that the bid would get the go-ahead.

Since the intervention of Enterprise in the stalled Saxon merger with Charterhouse *Petroleum, the Saxon* camp has been suggesting that RTZ might be reluctant to approve the bid, on the grounds that if successful it would see its own large holding diluted.

Enterprise also announced yesterday that it had made further purchases of Saxon shares in the market—a block of 120,000 were purchased last Friday to lift *its total holding to 21.25 per cent*—and published figures for the first half of 1985. These were at the top end of market expectations.

In the period to June 30, net profits after tax came out at £36m, nearly £10m ahead of the comparable figure for 1984, largely thanks to a *£14.2m drop in the tax charge* to £25.7m. This in turn reflected the much higher *charge for exploration costs*—up from £0.3m to £19m—which can be taken in part against corporation tax. At the pre-tax level, and after interest charges of £5m (£3.4m), profits came to £61.7m, *down from* £66m.

In a weak oil sector yesterday, Enterprise lost only 3p on the day to close at 180p. Mr West said that the outcome of the first closing *date for the Saxon bid, on* Thursday, would vary much depending on the market's attitude to the sector on the day.

Foreign exchange rates affected the results for the first six months. Although the sterling/dollar exchange rate has risen since February to the company's disadvantage, the pound's weakness in the first quarter resulted in high values per barrel during that period. Average receipts for the six months were £23.19p per barrel, compared to £22.

Production was substantially higher at 35,000 barrels per day (b/d) against 29,000 b/d in the first half of 1984. Turnover in the *six* months rose from £117.7m to £146.8m, but sales cost £20.3m more at £67.8m, for gross profits of £79m (£64.2m).

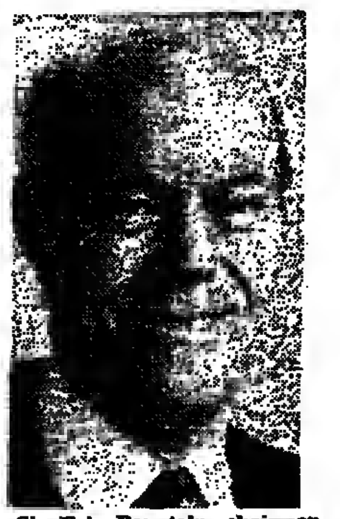
After the tax charge, profits came to £36m (£24.1m after £2m cost of flotation).

Earnings per share rose from 12.3p to 17p, covering an interim dividend 0.5p net per share higher at 3.5p.

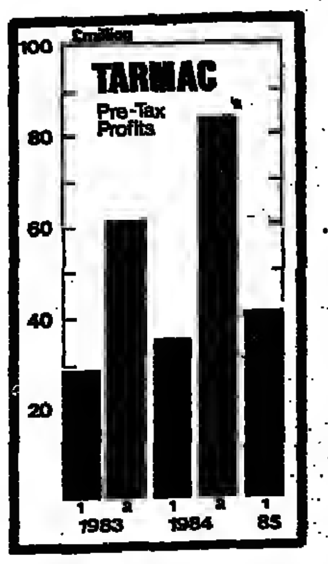
Looking to the current half, Mr West said that there was an underlying upward trend in production and a growing exploration programme, but *these should be seen against* the uncertainties over the oil price and the volatility of exchange rates. "The full year outcome will reflect the interplay of these factors," he said.

See Lex

Tarmac profits rise 16% despite the poor weather



Sir Eric Pountain, chairman of Tarmac



BAD WEATHER and the high interest rates in the UK were said to have affected the results of Tarmac companies in the first half of 1985. However, taxable earnings still rose by 16 per cent to £41.6m, which was a little less than the expected £42m.

The result was achieved on turnover up by 23 per cent to £722.9m, against £587.4m for the same period last year when the pre-tax profits were £36m.

From earnings per 50p share of 8.6p, the interim dividend is being raised to 2.2p. Last year the interim was 2p, adjusted for last year's one-for-one scrip issue, from edjusted aarnings of 8.4p.

In 1984 the full payment was an adjusted 8p, from taxable profits of £109.6m.

In the quarry products division there was a strong performance from recent acquisitions in the U.S. where the results as a whole were encouraging. In the UK, despite the bad weather, particularly at the start of the period, *activities* were broadly in line with the first half of 1984.

South Africa bowever was affected by that country's high interest rates and the results were a little lower.

Housing division sales were excellent, however the weather again had an effect and profits did not come through higher than last year. Sales are on target for more than 8,000 compared with last year's total of 7,128, bowever the programme was affected by the bad winter weather.

In building products, manufacturing activities met difficult *market conditions and despite* a good performance from the contracting side, the division's profits were slightly down.

Tight margins were suffered bv the bitumen refineries, which form part of the *oil* and industrial division, where the result was lower than for the same period last year.

The results for Plascom, the oil and gas exploration subsidiary, weakened with lower oil prices. Since the end of the period the company has been sold to Rio Tinto-Zinc for £35.8m.

Construction, where turnover increased, and properties both showed an improvement on 1984.

Operating profits came out et £53.6m, against £41.9m, and the pre-tax figure was struck after finance charges which were more than *doubled* et *£12m* (£5.9m), the result of the group's takeovers last year.

The tax charge was £14.7m (£12.6m) and with minorities taking £200,00 against £400,000 *and no* extraordinaries, attributebla profits were 16 per cent ahead at £26.7m, compared with last year's £23m.

Dividends, including £5,500 on the 5½ per cent *preference* shares, took £6.8m (£5.4m) leaving the retained profit for the half year at £19.9m against £17.6m.

Commeting on the interim results, Sir Eric Pountain, chairman, says he was heartened by tha group's performance "in what bas been a challenging and difficult half year."

He adds that despite difficult trading conditions in some of the group's activities and the continuing poor weather in the UK, Tarmac is on course for further progress for the year as a whole.

See Lex

Mann up 56% to over £3m

Mann & Co., the estate agent which came to the market in March, has exceeded its prospectus forecast of £3m, with e 56 per cent rise in 1984-85 pro forma profits.

Pre-tax figures for the year to May 31 1985 increased to £3.15m (£2.02m) and the directors are confident that the current year will be one of further growth and progress.

Commission and fee income was 22 per cent higher at £10.34m (£8.47m), while pro forma earnings per share climbed from 7.5p to 10.3p. As stated in tha prospectus, no dividend will be paid in respect of the period.

Mr Jeremy Agace, the chairman, says the residential housing market was much less active than expected in the months of March, April and May this year. The company believes that this was partly due to abnormally bad weather conditions and some expectations that interest rates would fall following their recent sharp rise.

However, during the year Mann sold over 9,700 houses (8,800), with a value in excess of £420m (£350m). The number of new offices opened last year was less than it would normally have expected, which the chairman says was mainly due to the considerable amount of management time absorbed by the flotation.

On current trading, the chairman says there were definite signs of an increase in ectivity in the early months of the current year and the directors are confident that the volume of residential sales will show a satisfactory increase in 1985-86 over the previous year.

The level of demand for housing in the areas in which Mann operates remains strong and the price increases are expected to be in line with those experienced last year.

The directors believe that the new offices opened *last* year, together with those opened in the previous years, will make e valuable contribution both in the current year and thereafter as the businesses become more established.

Two new offices and a business with four branches have been acquired since May 31 1985.

It is intended to continne the expansion of the group's office network by opening new branches, and, when possible, by purchasing existing estate agency businesses.

Both the associated partnerships and insurance and financial services divisions increased turnover and profits during the year. *Corporate relocation* contributed to profits for the first time and is expected to make an increased contribution in the future.

ROBERTS, ADLARD, builders' merchant, made lower pre-tax profits of £347,000 (£475,000) in the half year to June 30 1985, on little changed turnover of £9.11m (£9.15m). Share of related company's loss was £54,000 (£19,000) and interest took £61,000 (edded £62,000). After tax £108,000 (£210,000) earnings per 25p share were 4.98p (5.52p). The net interim dividend is held at 2p.

The Morgan Bank brings U.K. corporations opportunities in world financial markets

Discussing a capital markets answer to a client financing need are Morgan officers, from left, Oliver Parr, Roderick Peacock, Alfred M. Vinton Jr., who heads the bank's London office, and Charles Dumas of Morgan Guaranty Ltd.

Today's credit and capital markets are growing—and growing together. The result: multinational corporations can choose from a wide range of financing alternatives. The Morgan Bank offers unique strengths that can help treasurers in the U.K. exploit these opportunities.

Innovation. Morgan's ability to create cost-effective financial products that meet borrower and investor needs alike earned us first place in a *Euromoney* market survey as the most innovative bank in both the international bond and syndicated loan markets.

Market-making. Morgan is active in all major capital, credit, and currency markets—as well as foreign exchange, government bond, financial futures, swap, and bullion markets. We also have received Bank of England approval to act in the future as a market-maker in Gilt-Edged securities.

Capital strength. Morgan has nearly $5 billion in primary capital and the highest capital-to-assets ratio among major money-center banks. We can make sizeable commitments quickly. This strength, plus our reputation as an innovator, enhances our ability to be a catalyst in the largest of deals.

U.K. expertise and worldwide resources. Morgan combines a century of experience in London with the resources of a worldwide network.

The funding specialists at our subsidiary Morgan Guaranty Ltd are known for structuring financings that match opportunity to need. We are a leader in non-dollar underwritings and have pioneered the use of convertible and hedged issues, private placements, interest-rate and currency swaps, undated floating-rate notes, dual-currency issues, deferred rate settings, equity-linked issues, insurance-backed offerings.

Morgan corporate finance experts help clients plan and negotiate mergers, acquisitions, and divestitures. Through capital structure analyses, diversification strategies, and valuations, we advise on timing and financing alternatives.

We also offer traditional banking services, from lending in local and Eurocurrencies to bridge and term loans, project finance, foreign exchange.

Some examples of how Morgan serves U.K. clients:

☐ Morgan Guaranty Ltd was lead manager of the Hawker Siddeley Group's most recent issue in the Eurobond market. The $50 million issue—one of the few straight Eurodollar bond offerings made by U.K. industrial corporations in 1984—was combined with an interest-rate swap. This enabled Hawker Siddeley to refinance a major portion of its floating-rate debt at a margin significantly below LIBOR.

☐ We initiated and completed two interest-rate swaps for a major U.K. company. The first gave the client a floating interest rate at more than 400 basis points under LIBOR against a seasoned dollar fixed-rate convertible issue. Then, following a fall in interest rates, we unwound the first swap, locking in a gain of over $500,000 for the company.

☐ Morgan Guaranty Ltd worked with British Petroleum in its recent bond market financing and served as lead or co-lead manager for Eurobond issues in U.S. dollars, Japanese yen, and sterling.

☐ A leading U.K. public company consulted Morgan on financing a potential £250 million overseas acquisition. Within four days we made a confidential offer to underwrite the entire cost. Our fast response and thorough analysis enabled the client to make a timely bid.

Put Morgan's strengths in the world's financial markets to work for you. Talk with the Morgan banker who calls on your company, or directly contact Morgan Guaranty Trust Company, 1 Angel Court, London EC2R 7AE.

The Morgan Bank

Member FDIC. Incorporated with limited liability in the U.S.A.

UK COMPANY NEWS

Midland steps in to save Central & Sheerwood

BY FRANK KANE

Central & Sheerwood, the loss-making eogineering company yesterday announced e novel capital restructiog package involving Midland Bank which it believes is its only alternative to receivership.

Uoder the terms of the deal, *which is subject to shareholders* approval et the annual meeting oo October 9, the company is released from the threat of a potential liability of around $23m (£17.3m) arising from a counter-indemnity on equipmeot *sold* in 1980 to a now-failed U.S. company GMP Laod.

The Midland is now proposing to "cap" the liability once and for all at £5.61m. Under the scheme, Ransomes & Rapier, e C & S subsidiary which manufactures the dragline equipment used in the mining industry, will pay £3.64m to the bank, covered hy a loan agreemeot between *R & R and the Midland.*

In addition, C & S will issue 1.36m 10 per cent coovertible first preference shares of £1 each at par to Midland. The effect of the issue will be to increase the group's total issued share capital from 4.8m to 6.16m shares, of which Midland will hold 1.36m in the form of the new issue.

The C & S board, advised by merchant bankers Samuel Montagu & Co, has decided to uoanimously recommend the deal "in the *belief* that it is io the best interest of the company and its shareholders."

Mr Devid James, group deputy chairman and managing director, said yesterday that the proposed restructuring showed "industry and finance working in the closest possible cooperation to solve a quite intractabla problem." He added that the only alternative for C & S was the appointment of a receiver.

Ransomes and Rapier first encountered problems soon after it sold the dragline machine to GMP for use in the latter's anthracite mining operations." The sale was financed by a loan to GMP from the European American Bank (EAB) of New York. The loan was guaranteed to EAB by the Midland Bank of the UK, and this guarantee was in turn covered by e counter indemnity from R & R.

In the following year, GMP filed for protectioo from its creditors under chapter 11 of the U.S. bankruptcy code.

Since January 1984, wben tha present board of C & S came together under the chairmanship of Lord Eden of Winton, ettempts have been made to find a buyer for the GMP mine and its assets. Since the end of thet year, following the failure to attract a bid through international *tender*, R & R has been trying to put together a consortium to buy and operate the mine, or to finance an operational *solution.*

It is understood that Midland is still examining the feasibility of such a consortium.

Mr James pointed last night to the advantages to C & S sharebolders, its 2,500 employees, and the estimeted £30m-worth of C & S exports per year.

In its results for the year to December 31 1984, also announced *yesterday*, the *£5.61m* agreemeot is taken as an exceptional item, and forms the bulk of the £9.67m above the line debit. This pushed C & S more deeply into the red, with a loss before taxation of £12.71m *against* e *comparable* deficit of £4.49m.

—Turnover was down from £90.31m to £84.84m. Since the year end, a oumber of subsidiaries have been sold, and the group now comprises, in addition to R & R, e printing and publishing division—Standard Catalogue, Whitefriars Press and Galbraith King—and Halcombe Holdings, *comprising* A. L. Dunn and Coventry Apex Engineering.

Holcombe has been severely hit by the Ford strike which began late last year, and the conseqoences of which ran well into 1985. In addition, certain "malpractices and serious deficiences were identified by the board." Five employees, including the former managing *director and two other directors,* were dismissed from A. L. Dunn.

There is no divideod for the 1984 year—the last having been paid in respect of 1982-83—and the deficit per share has risen from 7.97p to 20.66p.

Chloride approval for sale to Dunlop

By Charles Batchelor

SHAREHOLDERS of Chloride, the hard-pressed battery maker, yesterday aproved the company's plan to sell the bulk of its North American and Australasian businesses to Dunlop Olympic of Australie for £34.5m cash.

Aboot 70 sbareholders approved the sale et an extraordinary meeting with only ona vote cast against the proposal.

Sir Michael Edwardes, Chloride chairman, said the original announcement of the sale had had a favonrable impact on the company's share price.

Chloride first attempted in 1981 to sell its North American business, which was affected by overcapacity in the U.S. battery market but was unsuccessful. It has now sold the North American businesses, excluding its *power electrics and standby* battery operations, in a package with its Australian and New Zealand operations.

Oppenheimer up in first quarter

Oppenheimer & Co, a subsidiary of financial services group Mercantile House Holdings, lifted pre-tax profits from US$1.3m to $6.25m (£4.66m) in the first quarter to July 31, 1985. Revenues totalled $109.28m ($124.09m) and after-tax profits were $4.09m ($1.2m).

Process Systems profits show substantial advance

Process Systems, designer and manufacturer of microelectronic and micro-processor-based recording and control equipment, has lifted pre-tax profits from $2.62m (£1.97m) to $5.46m (£4.1m) in the year to June 30 1985.

The company, which obtained e London listing in December 1984, has raised its total revenue from $8.35m to $14.95m, the increase being largely accounted for by its solid state recorder *system, as predicted* in the prospectus.

The new Pro Data system also made e contribution in the second half, and there was a further increase in sales of totalisers and isolation relays.

The directors are paying a single final dividend of 0.25 cents from stated earnings up from 3.81 cents to 5.72 cents per share.

The directors continue to have confidence in the company's long-term growth prospects and say *they look forward to reporting* continuing rapid progress in terms of both revenues and profits in the future.

Mr Lawson Hamilton, the chairman and chief executive, said leter that sales in the first half of the curreot year would be substantially higher than in the same period last yaar.

However, he said the company was not predicting any great increase in net profits for the first six months, because of the level of expenditure.

For the next year or two, sales and earnings would continue to be weighted towards the second half of the year.

The company's new integrated meter recorder was *expected to* make a significant impact on sales in the second half and the group was also expecting that sales in Canada would double this year.

The order book at the end of the financial year was substantially above the level at the previous year end and Mr Hamilton said the order rate continues to be well above the order rate for last year.

• comment

Nioe months after the flotation, and having echitevea an ambitious forecast of a 93 per cent rise in net income, Process shares have risen above the 92p issue price for the first time. Although the forecast was met with no room to spare. Profits would have been *some $300,00 higher if* the company had been a little quicker to translete the issue proceeds into dollars. Perhaps the market has been a little hard on Process, as investors—understandably—view with scepticism high-tech companies *that claim* to have a safe niche in a rapidly growing market. Yet Process' *market* really is enjoying impressive growth as utilities replace old fashioned electro-mechanical meters with electronic equipment. After a first *half which* may be dull as the company spends ahead of the second-half *selling* season, profits for the year could be up by over 50 per cent to £8.3m. The order book is strong for existing products, while the new Integreted *Meter* Recorder has been well received and could become Process' most important product within e yeer. A prospective p/e ratio of 14½ with the shares at 93p (assuming 44 per cent tax and an exchange rete of $1.35) seems a little low —unless the dollar turns down sharply.

Unilever begins legal action in £1.2bn bid

By Charles Batchelor

Unilever, the Anglo-Dutch foods group, announced yesterday that it is beginning an action in the New York Federal district court against Richardson-Vicks and its directors as part of its £1.2bn plus takeover bid for the U.S. health and skin care company.

The Unilever offer document said the company alleged violations of the Federal securities laws and breaches of fiduciary duty under *Delaware* lew.

Unilever alleges among other things, that Richardson violated Federal securities laws by issuing e materially misleading press release on September 9 that failed to disclose that the purpose and effect of a programme to repurchase up to 5m shares was to put Richardson in *a* position to block any merger involving the company.

Thet tha purchases are part of a series of transactions to take the company private, though this was not disclosed in the press release, and that Richardson failed to satisfy disclosure and filing requirements before making share purchases.

That the Richardson's directors breached their fiduciary doty to *the company's* stockbolders by failing to disclose tha purpose aod effect of the open market share purchase programme and by using corporate assets to benefit the Richardson group and entreoch management at the expense of other stockholders.

Tha Unilever offer document disclosed details of the proposed financing of the takeover bid.

Unilever Capital Corporation has agreed an unsecured domestic loan facility of $500m with Morgan Guaranty Trust of New York.

Unilever Capital also has arranged a Eurooote issuance facility under which short-term Euronotes may be offered by teoder to a group of banks and other institutions.

Walsh Mander

Tha **Medical Mailing Company**, one of the three main companies specialising in direct mail to doctors and the pharmaceutical industry has been sold by Dun and Bradstreet to Walsh *Mander (Holdings) for* an undisclosed sum.

Walsh Mander already owns another of the companies operating in that area—Walsh Selective Mailings. The latter company accounts for about 18 *per cent of Walsh Mander's* £5.5m turnover. Medical Mailing will increase its turnover by a similar percentage.

GEC and J. Rothschild buy more of own shares

BY DAVID GOODHART

THE TWO companies most noted for buying their own shares in recent months—the General Electric Company and J. Rothschild Holdings—both announced *further purchases yesterday.*

GEC bought 4m of its shares last Friday at 163.5p. This takes *the total it* has bought since December 1984 to 79.25m—approximately 3 per cent of total equity.

From December 1984 to March 31 1985 it bought 73.2m shares at an average of 213p and a total *cost of £156.5m, reducing* its cash mountain to £1.41bn. Since then it has bought another 6m.

It has anthority to purchase 250m of its shares and the deadline to do so was exteoded until March 12 1987 at the recent annual meeting.

J. Rothschild Holdings, an investment company, which has *said it is buying for cancellation,* bought 600,000 shares at 101p last Friday and 250,000 at the same price yesterday. The total issued share capital is now 416.67m.

Since its annual meeting in January it has acquired 23.68m of its shares for about £24.25m, representing just over 5 per cent of tha share capital. The aim is *to* increase the net asset value of the company.

GEC shares rose 2p yesterday to close et 166p and J. Rothschild rose 1p to close at 101p.

Setback for Bardsey rights issue

Bardsey, e loss-making industrial holding company, has announced that acceptances have been received for only 7.43 per cent of a 12m-share rights issue, part of a capital and debt reconstruction scheme designed by Lazard merchant bankers.

The 2-for-13 rights issue was aimed at raising £1.02m net and was fully underwritten. Among the big shareholders is Mr Michael Pearsoo, heir to the Cowdray fortune, who underwrote almost half of the rights issue.

In July, the Stock Exchange blocked moves by Mr Christopher Moran, an insurance broker, to buy into Bardsey. The Lazard capital reconstruction also involved £1 7 per cent cumulativa convertible redeemable preference shares being sub-divided and redesigneted into 10p preferred ordinary shares on a ten-for-ona basis.

In the six months to June, Bardsey reported a £608,000 pretax loss and a loss per ordinary share of 2p. The 10p par valua ordinary shares closed up ½p at 7p.

Stock Conversion £10m buy

Stock Conversion, tha property group currently in dispute with its largest shareholder, Stockley, has paid £10m for e portfolio of properties previously owned by Legal and General Assurance (Pensions Management).

This move, announced a day in advance of Stock Conversion's annual and extraordinary sharebolders' meeting taking place today, was intended to show that the company is pursuing a positive and aggressive policy.

Stock Conversion announced over the weekend it had dropped plans to propose a resolution to increase its capital.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
C. D. Bramall	int	2.6	Nov 25	2.35	—	6.7
Brent Chemicals	int	0.85†	Nov 6	0.75	—	3.5
Coin Inds		2.2	Oct 31	2.2	3.3	3.3
Dalgety		14	Jan 2	13	25	24
EIS Group	int	1.85	Jan 7	1.65	—	6
Enterprise Oil	int	3.5	Nov 11	3	—	—
G. T. Japan Inv		1	—	1	1.4	1.4
Hall Engineering	int	3.66	Nov 7	3.41	—	7.61
Invergordon D'tillers	int	1.5	Oct 31	1.5	—	4.25
Laidlaw Thomson	int	1.25	Nov 7	—	—	—
Mellerware	int	1	Oct 31	1	—	3
Myson Group	int	1.25	Jan	Nil	—	1.25
Process Systems		0.25‖	Oct 31	—	0.25	—
Ransomes Sims	int	1.5	Nov 11	1.2¶	—	4¶
Roberts Adlard	int	2	Dec 2	2	—	6
Simon Engineer'g	int	2.5†	—	2.5*	—	8*
E. T. Sutherland		1.46‡	Nov 22	1.33	—	3.33
Tarmac	int	2.2	Nov 11	2*	—	8*
Welstenholme Rink	int	2.5†	Nov 12	2.5	—	7.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stc § *Unquoted stock.* ¶ Adjusted for share sub-division and scrip issue. ‖ U.S. cents throughout.

BOARD MEETINGS

TODAY

Interims: A.P.V., Barr and Wallace Arnold Trust, *Bestobell, Brixton Estate,* Coats Patons, Fisons, Folkes Group, Hartons, J.S.O. Computer, Bernard Matthews, Artflame International, Petranol, Pittard, Promotions House, Steaua Romana, Systems Designers, Travis and Arnold.

Finals: Armstrong Equipment, British Benzol Carbonising, Consolidated Gold Fields, Intereurope Technology Services, A. & J. Mucklow, George H. Scholes, Trafford Park Estates, Zetters.

FUTURE DATES

Interims—

Assocd. Book Publishers	Sept 25
Bluebird Toys	Sept 24
Christies International	Oct 8
Foseco Minsep	Sept 27
Freemans	Sept 23
Garton Engineering	Sept 18
Henderson Administration	Nov 14
Northern Engineering Industs.	Sept 24
Rowntree Mackintosh	Sept 19
Whatman Reeve Angel	Sept 26

Finals—

Aerospace Engineering	Sept 18
Audiotronic	*Sept 20*
Cradley Print	Oct 14
Eleco	Oct 16
Gomme	Nov 5
Somportex	Sept 18
Tor Investment Trust	Sept 23

AMENDMENT

With regard to the edvertisement for UNION BANK OF SWITZERLAND which was published on page 23 of the Financial Times of 16th September, please oote that the London telephooe number should be

01-588 6666

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Williams & Glyns	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
**See Provincial Trust Ltd.
§ Demand deposits 8%.

UK COMPANY NEWS

Brent Chemicals shows 16% advance at midway

Brent Chemicals International continued to make good progress in the first six months of 1985, with pre-tax profits for the period up 16 per cent from £2.25m to £2.61m, despite lower sales of £25.93m, against £27.88m.

Stated half year earnings per 10 share rose by 20 per cent from 3.5p to 4.2p and the interim dividend is 0.1p higher at 0.85p net—last year's total payment was 3.5p on £4.81m taxable profits.

Mr Peter Lane, the chairman, says the group aims to achieve an above-average growth rate in earnings per share by organic development and, where appropriate, by acquisition.

In the half year, the Ardrox and food, beverage and packaging division performed particularly well, and sales on a comparable basis were substantially ahead.

The group's strategy continues to emphasise the marketing of application and performance based speciality chemicals and other specialised products in niches with good growth potential to industrial customers.

As part of this policy the group has recently announced the acquisitions of Winnetts and Lectrokem.

Through Winnetts the company plans to expand its activities in the UK flexible packaging market by the introduction of liquid inks technology and the non-chemical manufacture of speciality rubber and photopolymer based flexographic printing plates.

Mr Lana says Lectrokem will increase significantly the group's coverage of the high growth, multi-layer printed circuit board industry in Southern California.

The group's financial position remains strong, the chairman states. Following completion of the two acquisitions, net borrowings will be approximately 35 per cent of the group's net tangible assets.

Pre-tax profits were struck after net interest payable reduced from £231,000 to £169,000 After tax of £825,000 (£787,000) and minorities of £98,000 (£43,000), attributable earnings came out at £1.69m, compared with £1.42m.

The interim dividend absorbs £356,000 (£305,0003.

● comment

The mood of relief which followed Brent Chemicals' extrication from its unsuccessful venture into U.S. laundry chemicals turned into one of mild disappointment yesterday. The hope had been that with management free to start again with a clean sheet and put the more promising acquisitions to good account, the growth path of past years might be resumed. True, pre-tax profits rose by 16 per cent, but with acquisitions and disposals stripped out, the sales increase was just 12 per cent — a figure hardly likely to deliver the group's professed target of a 12½ per cent annual earnings growth in real terms. The problem is that metal finishing's profitability, though good, is flat, and food packaging, although opening up possibilities for increased market share through technological advances, is hardly a boom industry. Most of the burden of delivering the profits growth is therefore falling on Ardrox. The share price closed unchanged at 132p yesterday but the City was revising its full-year profits forecasts downwards to around £5.7m, putting the shares on a prospective p/e ratio of 14 after a 31 per cent tax charge. More acquisitions are planned but nothing is imminent, and the shares look over-valued as they stand.

Bramall profits increase 33%

DESPITE A loss from its newly-acquired offshoot, Manor National, C. D. Bramall managed to increase taxable earnings by 3 per cent on the first half of 1985.

On turnover up by 37 per cent from £30.67m to £41.91m, pre-tax profits for the Bradford-based motor dealer were £1.81m, against £1.36m. For earnings per share, before extraordinary items, of 19.5p (13.9p), the interim dividend is being raised to 2.6p (2.35p).

Mr D. C. A. Bramall, chairman and managing director, says the figures include a small trading loss from Manor in the two months it was part of the group. The other companies, however, performed satisfactorily with the finance and contract hire division doing exceptionally well.

The tax charge was £757,000, against the previous period's £631,000, when there was an extraordinary credit or £206,000, leaving attributable profits at £1.05m, against £939,000. With dividends taking an increased £132,000 (£110,000), retained profit was £922,000, compared with £829,000.

Mr Bramall says that the hire purchase company sold its hire purchase debtors to a national finance house which resulted in a windfall profit of £250,000. That was sufficient to clear the cash borrowings arranged for the purchase of Manor.

He adds that the terms arranged for future acceptance of the group's retail hire purchase business would not affect the earnings of the group's finance offshoot.

For most of tha period the directors were involved with the takeover and reorganisation of Manor National, which became part of the group in May. One of the main priorities, the chairman says, was to reduce the amount of debt carried by Manor and to tighten up the day-to-day operations.

In the six months to the end of June 1985, Manor reported pre-tax profits of £72,000 (£8,000) on turnover of £29.73m (£31.46m). Trading profit had come out at £522,000, against £456,000, but was hit by heavy interest charges of £450,000 (£448,000).

Following extraordinary charges of £106,000, mainly resulting from the legal and professional costs involved in the takeover by Bramall, the attributable loss was £34,000. That compared with 1984's figures of extraordinary charges of £69,000, giving attributable losses of £92,000.

The group is in the process of disposing of a number of properties. The Luton depot, which was not considered adequate for the requirements of a modern efficient dealership, was sold for £900,000. Negotiations are also going ahead for the sale of two properties which are no longer being used and a third where it is intended to rehouse the dealership.

Manor's contract hire company, Carefree Leasing, was merged within the contract hire division.

For the rest of 1985, Mr Bramall says that the companies within the group will benefit greatly from the steps taken and a large proportion of the interest costs have been eliminated. The first two months of the second half have produced good results and if there is no material change in second-hand car values, he forecasts a satisfactory end to tha year.

UK side helps Hall Engineering to 24% rise

Nearly all of its UK operations contributed to the 24 per cent first half increase in pre-tax profits at Hall Engineering (Holdings), and the improving trend is exepected to continue in the second half, with the additional benfit of lower borowings and interest rates.

For six months to end-June 1985 tha pre-tax result improved from £1.52m to £1.89m, on turnover ahead at £63.25m against £60.96m.

Mr R. N. C. Hall,s the chairman, says that there has been a significant improvemeot in the perfomance of the group's UK activities, although the benefits following the ending of tha miners' strike have been slow in coming through.

Profits from the overseas activities, however, have been severely affected by tha economic and political problems in South Africa, he states. The weakness in oil prices, which related companies operate, also contributed to the decreases, as did the conversion of overseas earnings into sterling at the end of June.

An increased interim dividend of 3.66p (3.41p) is being paid, and the directors intend raising the total payment for the year on the assumption the second half results will show tha expected increase.

Net earnings for the period are shown up from 5.06p to 8.9p per 50p share.

Sutherland up to £0.7m and outlook encouraging

E. T. Sutherland and Son, the Sheffield-based chilled and canned food company which is quoted on the USM, raised pre-tax profits by over 19 per cent from an adjusted £583,000 to "598,000 for the half year to June 30 1985. Turnover was 17 per cent higher at £11.14m, against £9.49m, and included price increases of less than 3 per cent.

After tax of £238,000 (£272,000) earnings per 25p share were up from a stated 2.17p to 2.73p. The net interim dividend is higher at 1.46p (1.33p), but certain Sutherland family shareholders have waived their rights to interim payments totalling £144,000 (£131,000).

Mr Peter Sutherland, the chairman, says that after a difficult year in 1984 the company has returned to levels of growth in sales and profits well ahead of inflation and in line with the board's expectations.

Overall, the outlook is encouraging and he expects to report a satisfactory improvement in the trading results for the year as a whole. Last year, the company made £1.40m pre-tax and paid dividends totalling 3.33p.

As predicted in the chairman's 1984 annual statement, development costs, particularly those relating to geographical expansion, have had some impact on trading margins in the period. However, the board considers a 12 per cent rise in operating profits from £613,000 to £688,000 to be satisfactory in the circumstances.

Net interest added £10,000 (took £30,000).

Mr Sutherland says it is a feature of the business that turnover and profits for the second half of the year are normally more than for the first half. Current trading is considerably better than for the comparable period of last year.

Although the disappointing summer weather has made it more difficult to achieve the sales targets set for the chilled foods division, it has, conversely, enabled the canned foods side to record a good increase in sales volume with further growth anticipated for the remaining months of the year.

Raw material costs generally hava been reasonably stable, although poultry prices have increased again reflecting the ever growing demand for poultry based products.

Competition within the industry remains intense, but the company is confident that the continuing implementation of its capital expenditure and product improvement and development programmes will ensure profitable progress in the future.

The company's balance sheet is strong, with net cash resources of approximately £0.5m at June 30 1985, and forms a solid base for further growth, the chairman concludes.

Wolstenholme Rink hit by Omnicrom start-up loss

After charging start-up losses from the new venture in Omnicrom, taxable profits of Wolstenholme Rink showed a reduction from £818,000 to £752,000 for the half year to June 30, 1985. Gross of these losses, this year's pre-tax figure was £1.03m—a 26 per cent rise.

The interim dividend is maintained at 2.5p net on increased capital—last year's total was 7.75p on £1.69m pre-tax profits.

Mr S. H. Wright, the chairman, says that while the immediate outlook for sales of bronze powders remains disappointing, prospects for the company's other traditional products look good. The overall outcome for the second half will, however, be significantly affected by the pace at which Omnicrom sales build up.

At Omnicrom, both the U.S. company (in which a 49 per cent stake is held) and the wholly owned UK subsidiary were somewhat slower off the mark than hoped for, and their attributable losses totalled £278,00 to June 30.

Sales efforts started in May in the U.S., where production is now fully under way. In tha UK selling started in July and production in early September.

Whila sales for a new product are difficult to predict, tha board currently expects second half profits to exceed first-half losses. The board is satisfied the Omnicrom investment will show good returns.

Group half-year turnover rose to £11.88m (£10.69m).

Tax took £378,000 (£297,000). After minorities of £25,000 (£17,000) and extraordinary charges of £72,000 (£20,000), attributable profits were lower at £277,000 (£484,000).

Simon midway increase lower than expected

Simon Engineering increased pre-tax profits by 5.8 per cent to £9.32m in the six months to June 30 1985 compared with £8.81m in the first half of last year on turnover up to £264.67m against £228.05m. But the result did not metch the expectations of the company, which is involved in the manufacture of specialised machinery, process plant contracting, merchanting and storage end oil services.

Mr Harry Harrison, chairman, says world trading conditions in some sectors of the company's business are still not reflecting the general economic recovery.

He lists three fectors which combined to reduce profits below expectations: the decline in margins in the company's grain terminals construction business, which is now closed; the sharp fall in the level of oilfield exploration in the U.S., which has delayed expected growth; and unfavourable exchange rate movements.

Nonetheless, be says, most of the company's businesses performed well. "We are especially pleased that the results of Drake & Skull are much improved and more in line with our expectations."

He says the gronp's finances and balance sheet remain strong.

Profits for the full year, be says, should be similar to last year's £25.62m — assuming that there is no further significant deterioration in trading conditions in Nigeria.

The interim dividend is 2.5p (2.5p, adjusted for one-for-one scrip issue last November).

Operating profits rose to £7.6m against £7.38m the share of the profits of principal related companies was £66,000 (£125,000 loss); and interest receivable less payable was £1.65m (£1.56m).

Tax deductions were £2.8m (£2.5m), leaving £6.52m (£6.31m). Minority interests took £602,000 (£841,000).

Extraordinary debits of £2.4m are mainly attributable to the closure of the grain terminals construction business and the ending of storage at South Shields and its transfer to North Shields.

Attributable profits were £3.52m egainst £5.47m. Earnings a share were 9.5p (9.5p) before extraordinary items. After extraordinary items they were 5.6p (9.5p).

● comment

Simon Engineering is taking action to shed some of its low profit margin businesses but we are promised that this batch of extraordinaries is all we can expect for the year. The decision makes sense; the group's strength is in its specialised work, not in general civil engineering projects. So overall grain terminal schemes are out while design and project management are in. The Nigeria coup has also slowed things up. Many projects were stalled awaiting import licences — these have now coma through but as e result the profits will be taken later than expected. It is probably this that has led chairman Harry Harrison to cast perhaps a little more gloom than necessary over these interims in bis letter to shareholders. Simon as e quality angineering company with a good order book surely deserve to be seen as hope deferred rather than as hope eternally unfulfilled. Taking the chairman et his word on the year, pre-tax profits are not expected to exceed £26m. Higber contributions from partly owned units overseas could see both tax rates and minorities' payments increasing so earnings per share will not rise and could even drop slightly. On a 30 per cent tax charge the shares et 212p down 14p still look cheap compared with the rest of the sector on e prospective p/e of 8½.

Laidlaw Thomson ahead to £345,000

Laidlaw Thomson, the architectural ironmonger which joined the USM in March, raised pre-tax profits from £248,000 to £345,000 in the six months to June 30 1985 on turnover £0.8m higher at £7.44m.

After tax of £162,000 (£110,000) and minorities, ettributabia profits were up from £103,000 to £171,000, giving stated earnings per share of 3.63p compared with an adjusted 2.56p. An interim dividend of 1.25p net is declared.

The group's trading continues at a satisfactory level and as outlined in the March prospectus, the special products division and Muir Laidlaw businesses have fulfilled expectations and continue to offer prospects for expansion.

As already announced, the group as acquired the minority interest of 40 per cent in B. H. Widdowson for £200,000 cash, paid to Mr Barry Widdowson. This transaction was completed on September 13 and will therefore, reflect in the full year's results.

Myson blames VAT and cutbacks for unchanged profits

Myson Group, manufacturer of heeting, ventilating, air-conditioning and industrial heat-transfer equipment, blames the introduction of VAT on building improvements from June 1984 and cutbacks in bousing grants and spending by local euthorities, for little changed profits in the six months to June 30 1985.

Pre-tax profits were £2.27m against £2.25m last time on turnover merginally increased to £27.94m (£27.27m).

However, Myson, which resumed dividend payments at the end of 1984 after e four-year gap, is paying an interim of 1.25p (nil) per 10p share.

The VAT charge and local authority cuts hit the sales and profits of Myson's domestic heating and ventilating companies, although it held its market share. However, sales and profits rose in the industrial, beating, ventilating and air conditioning and engineering companies.

There was a strong turnround from loss to profit by the industrial companies because of increased sales, better manufacturing efficiency and improved products. Exports showed a 35 per cent increase.

The second belf was relatively poor for both domestic and industrial products, says the company. But there ere some signs of improvement in demand for domestic beating and ventilating products. Demand for the prodnets of its industrial beating and ventilating companies, both et bome and abroad, and its engineering companies, continues to improve.

Trading profits rose to £2.61m (£2.56m) end pre-tax profits were struck efter interest payable of £334,000 (£307,000). Tax took £565,000 (£635,000, adjusted pro rata to annual provision), leaving profits of £1.71m (£1.62m). Extraordinary debits were £74,000 (£250,000). Earnings per share were 3.1p (2.9p).

Crown Intl. bid terms revealed

The full details of Crown International's agreed bid for Capital Television Facilities, both of which are television and video companies quoted on the USM, have been announced.

The terms of the offer are one Crown ebare and 16p in cash for every two Capital shares, with a 58p cash alternative. The offer values Capital at £5.8m and the offer price compares to the 50p as shares were suspended on July 29.

The new Crown shares will rank pari passu with existing ones, although will not be entitled to e final dividend for the current year.

Capital's directors and its financial advisors are recommending that shareholders accept the offer. Shareholders of more than 35 per cent of the shares have agreed ot accept.

Crown currently owns 26 per cent of Caiptal, and Greenstar Leisure, a company controlled by Mr G Currie who is the chairman of both companies, owns a further 20 per cent.

Isotron on target with 61 per cent expansion

Isotron, e gamme radiation company, floated on the Stock Exchange in June, raised pre-tax profits by 61 per cent to £1.13m in the year to June 30 1985 compared with £703,000 e year earlier—a result in line with its forecast in June.

Turnover rose 25 per cent to £2.67m (£2.14m). Earnings per share were 5.2p (3.8p) but there is no dividend, as stated in the offer for sale.

Mr Colin Clive, chairman, says, Isotron is in a strong position to continue its growth, and this is already evident from the current year's trading to date.

"The company is continuing to be successful in seeking out new products to process," he says. "While the established business is growing steadily, further expansion is expected from new medical applications and the processing of plastics.

He says the major contribution to growth in turnover came from the processing of medical products. Some new items, such as aerosol containers of sterile solutions, surgical drepes and pharmaceutical powders, contributed to the year's growth.

The balance sheet is much strengthened, he says, by the cashflow from both operations and the flotation. Net tangible assets are up from £3.93m to £5.45m and there is more than £2m in cash or marketable securities. Return on average capital employed for the year was 24 per cent.

Operating profits were up to £1.05m (£686,000). Pre-tax profits included interest received of £83,000 (£19,000) but no interest charge (£2,000).

Tax took £536,000 (£291,000), giving net profits of £594,000 (£412,000).

Polytechnic up 30%

Polytechnic Electronics, USM-quoted navigation equipment manufacturer, has lifted pre-tax profits by 30 per cent from £915,000 to £1.19m in the year ended May 31, 1985.

Turnover rose by 16 per cent to £4.81m (£4.13m), and the directors say that the company's current order book stands at a healthy £4.4m.

The single final dividend is lifted to 3.77p (2p), which is covered twice by stated earnings per 5p share of 7.6p (5.7p).

Ewart New Northern subdivision

Ewart New Northern, the Belfast-based property company, is to subdivide its £1 shares into units of 25p after apparently reaching agreement with one of its major sbareholders, Dalkeith (Ceylon) Holdings.

Dalkeith, with e holding of more than 10 per cent, had originally called an extraordinary meeting to consider its proposal for e 10p share split, but earlier this month indicated its willingness to settle for a higher denomination.

At the annual meeting last Thursdey, the Ewart board, headed bv Major G. W. Harding, undertook to make the necessary arrangements for the one-for-four split.

It was also understood that Mr Tom Wilmott, the chairman of Harvard Securities, was et the meeting in his capacity as a Ewart shareholder. Last Wednesday, Harvard withdrew its £2m offer for another Northern Ireland company, Capital Gearing Trust.

LOW & BONAR is selling its wholly-owned subsidiary Bonar Langley Alloys to Langley Holdings, a company formed by the subsidiary's present directors. The sale will raise £2.3m in cash.

Coin Industries achieves £0.8m and sets targets

A BROADLY similar pre-tax result of £792,000 has been echieved et Coin Industries for the year to end-June 1985, against £776,000 previously. The result includes discontinued ectivities, however, which are estimated to have lost £50,000 during the year.

The directors of this bolding company, which is principally involved in making equipment for coin operated machines, ere maintaining the dividend at 3.3p for the year, with e same-again 2.2p final. Net earnings are shown up from 3.69p to 3.91p per 10p share.

The board is setting itself demanding medium term growth targets, Mr A. W. Houston, tha chairman, says, which will be achieved organically and through acquisition.

Ha has identified the immediete short-term objectives, wbicb includa merketing end development being directed towards adapting present products into new markets, end designing products with e wide epplicetion.

He mentions improving assembly methods and efficiancy througb e reduction in the dependency of vertical integration, and the introduction et Royton of e new quelity programme to BS 5750 standerds.

Turnover for the year improved by £1.09m to £12.5m, generating an operating profit of £898,000 (£783,000). Tha pre-tax result was struck after net interest payable of £106,000 (£7,000).

Extraordinary debits of £236,000 (credits £426,000) releted to the reorganisation of certain manufacturing facilities and the closure of the lock division.

COMPANY NEWS IN BRIEF

G. T. JAPAN Investment Trust's pre-tax profits dropped from £844,739 to £646,328 for the year to June 30 1985. After tax of £255,769 (£437,542) earnings per 25p share were 1.5p (1.56p) diluted or 1.51p (2.54p) undiluted. The dividend is unchanged at 1.4p net with a 1p final. Investment income totalled £1.3m (£1.61m) end other income £1.5m (£1.87m), less interest payable of £0.42m (£0.62m) and management expenses £0.43m (£0.4m).

J. ROTHSCHILD (Holdings) has purchased for cancellation 1m ordinary sheres et 100p per share. After tha shares have been cancelled, the issued shere capital will be 417.52m shares.

UK COMPANY NEWS

EIS Group lifts profits 30% to £2.7m midway

EIS Group, industrial holding company, has lifted pre-tax profits by 30 per cent in the first six months of 1985. Group turnover improved by 50 per cent from £22.88m to £34.3m, generating profits at the pre-tax level of £2.65m against £2.03m previously.

As long as there is no significant deterioration in the busines climate and no industrial disruption, Mr M. Q. Walters, the chairman, estimates that the results for the second half will match the first. Second-half profits in 1984 amounted to £2.17m.

Stated net earnings this time are ahead at 8.62p (8.14p), and the directors are increasing the interim dividend from 1.65p to 1.85p, both to reflect increased earnings and to reduce disparity. A total of 6p was paid in 1984 on profits of £4.2m.

The chairman says that all EIS companies are trading profitably, most in line with budget, and the order level is sufficient to achieve a satisfactory level of operation this year.

Although all the companies are having to overcome problems created by the deferment of projects, credit shortage and currency fluctuations, he is encouraged that enquiry rates are strengthening for most of them.

Flexibos International, acquired in January 1985, has settled in well and improvement programmes for its companies are well underway.

EIS has continued its acquisition activities with the recent exchange of conditional contracts for the purchase of the electrical wire and cable machinery business of General Engineering Radcliffe.

The group's capital expenditure has remained at a high level mainly on more CNC machine tools. The total for the year is likely to be a record.

After tax of £833,000 (£521,000), dividends of £356,000 (£318,000), and minorities last time taking £2,000, retained profits emerge at £1.47m (£1.19m).

● comment

EIS Group's 14 years of uninterrupted profits growth shows no signs of letting up. On Friday the company said it had won an £8m order to supply rotary dampers for the Army's new MCV 80 troop carrier. Profits from this will start coming through next year and will be boosted further by overseas sales and re-equipment orders for older vehicles. More immediately, earnings from the patented cable insulating machinery sold by the new PLCV subsidiary will start to come through in the second half. The main factors restraining profits growth appear to be a stream of order deferments particularly on the process plant side, and the delay in bringing Kontak to its former levels of profitability, mainly because of the start-up costs of introducing new product lines. Nevertheless the overall growth prospects look as solid as ever. About £5.4m is likely for the full year: after a 31 per cent tax charge, this puts the shares, up 5p at 215p yesterday, on an undemanding prospective p/e ratio of 11.

Capital Ventures BES fund

BY WILLIAM DAWKINS

THE Meaning of liquid assets takes on a new dimension with the latest investment proposal to offer the tax incentives available under the Business Expansion Scheme.

Capital Ventures, the London-based licensed securities dealer, is launching a BES fund to specialise in investing in public houses. The Capital Inn Fund, open until the end of next March, is looking for a minimum of £250,000 with no stated maximum.

The managers aim to tempt tenants of tied public houses to take equity stakes in their own freehold premises in partnership with the fund. A pilot investment made in a pub in Herefordshire in March has already seen its drink sales rise by 40 per cent under the new owners, says Capital Ventures.

Brewer Whitbread has agreed to assist the group to find suitable publicans and premises for purchase. Whitbread will in most cases be the main supplier, though the outlets will keep their free house status.

No front end fee is charged for subscriptions received by the end of this month. A five per cent charge will apply to subscriptions made between October 1 and the end of December, rising to 7 per cent thereafter. A fee of up to 3 per cent will be charged for arranging the disposal of investments after the five years for which BES investors must keep their shares to qualify for income tax relief. The minimum application is £5,000. Larger sums must be in multiples of £500.

COMPANY NEWS IN BRIEF

WINTRUST has received acceptances for 1.91m shares (87.37 per cent) in respect of its rights issue. The balance has been sold in the market for the benefit of shareholders.

PIFCO HOLDINGS has acquired International Salton Holdings N.V. for £1.48m cash. International Salton's net assets as at February 28 1985, were £455,000, while attributable pre-tax loss—excluding extraordinary items—for the year to end February, 1985, was £196,000 on £12.69m turnover.

STEWART & WIGHT, baker and property investor, lifted pre-tax profits from £50,836 to £73,017 in the year to March 31 1985. Turnover increased to £347,823 (£259,280). Net earnings per £1 share were ahead at 76.3p (64p), and the single final dividend is raised from 13p to 15p. Tax nearly doubled to £31,553 (£16,336). An extraordinary debit took £4,266 (credit £62,164).

FLEXTECH has invested £250,000 in Concept Systems, a Scottish company providing specialist hardware and software for data acquisition and measurement in the offshore oil and gas industry.

J. W. SPEAR & SONS reports taxable profits of £35,000, against £5,000, for the first six months of 1985 on turnover up from £2.73m to £3.23m. The directors of this games and toy manufacturer are confident of surpassing last year's profit outcome of £858,000.

ASTBURY AND MADELEY (Holdings) has contracted for the sale of capital of Cinderford Engineering Company to Cabletown, the major shareholder of which is Mr William H. Phelps who is presently a director of Cinderford. The total consideration is £200,000. Astbury has also contracted for the purchase from Lloyds Bank of the freehold interest in the property known as Units A-H, Kelvin Industrial Estate, Greenford, Middlesex, for a total consideration of £1.53m cash.

INVERGORDON DISTILLERS (Holdings) increased pre-tax profits from £1.84m to £2.01m in the first half of 1985. Turnover was £12.8m (£12.37m), generating trading profit of £2.22m (£2.01m). Stated net earnings were 5.94p (5.74p), and the interim dividend is held at 1.5p. Interest took £214,000 (£179,000), and tax £852,000 (£715,000). Performance for the current year to date is in line with expectations.

DEBORAH SERVICES, scaffolding contractor, has improved pre-tax profits in the year to March 31 1985 to £1.03m against £1.01m, on turnover down from £32.5m to £29m. Losses in the painting division have been eliminated and the company looks to 1986 with confidence. Stated net earnings rose to 9.57p (8.24p) and the final dividend is lifted to 3.674p (3.34p) for a 4.884p (4.55p) total. The company's shares are traded on the market made by Granville & Co.

Ireland

U.S. $300,000,000 Floating Rate Notes Due September 1999

For the six months 16th September, 1985 to 17th March, 1986 the Notes will carry an interest rate of 8 15/32% per annum with a coupon amount of U.S.$451.84 per U.S.$10,000 Note and U.S.$4518.40 per U.S.$100,000 Note.

Bankers Trust Company, London
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LADBROKE INDEX

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SIMON ENGINEERING

Interim Report

Six months ended 30 June 1985 (unaudited)

	Six months ended 30 June 1985	Six months ended 30 June 1984	Year ended 31 December 1984
	£000	£000	£000
Turnover	264,671	228,054	520,857
Operating profit	7,601	7,377	23,243
Share of profits of principal related companies	66	(125)	(87)
Interest receivable less payable	1,653	1,558	2,467
Profit before tax and extraordinary items	9,320	8,810	25,623
Profit after tax and before extraordinary items	6,524	6,313	18,360
Minority interests	(602)	(841)	(2,491)
Profit before extraordinary items	5,922	5,472	15,869
Extraordinary items	(2,400)	—	(1,105)
Profit attributable to Simon Engineering plc	3,522	5,472	14,764
Earnings per ordinary share			
before extraordinary items	9.5p	9.5p	27.6p
after extraordinary items	5.6p	9.5p	25.7p
Ordinary Dividend – interim 2.5p per share: equivalent with imputed tax credit to 3.57p (1984 2.5p:3.57p)	1,541	1,433	—

The abridged profit and loss account for the year 1984 is an extract from the latest published accounts which have been delivered to the Registrar of Companies; the audit report on these accounts was unqualified.

Pre-tax profits at the half-year of £9.3m compare with £8.8m last year.

Although these results are in excess of last year's they are below our expectations, as world trading conditions in certain of our business sectors are still not reflecting the general economic recovery. Nonetheless, most of our businesses have performed well and we are especially pleased that the results of Drake & Scull are much improved and more in line with our expectations. Our finances and balance sheet remain strong.

There are three particular factors which have combined to reduce our current profitability below expectations:—

– the decline in margins in our grain terminals construction business, which has now been closed;
– the sharp fall in the level of oilfield exploration in the USA which has delayed the expected growth in that sector;
– unfavourable movements in exchange rates and their impact both upon the conversion of our substantial overseas earnings and the competitiveness of our exports.

However, with most Group companies continuing to perform well and assuming no further significant deterioration in trading conditions in Nigeria, we believe the outcome for the full year will be similar to that of last year.

Harry Harrison, CBE, *Chairman*

Simon Engineering plc
Cheadle Heath, Stockport,
Cheshire, SK3 0RT

CONTRACTS

£17m Underground project

Following the award in June of an order worth £45m for the supply of ticket machines and computers, WESTINGHOUSE CUBIC has won a follow-on contract from London Underground worth £17m to supply passenger control gates and station monitoring equipment. Westinghouse Cubic is jointly owned by Hawker Siddeley and Cubic Corporation. Work is being carried out in conjunction with the station modernisation programme announced recently by London Underground and forms the second phase of the underground ticketing system. Westinghouse Cubic will supply a total of 858 automatic gates together with manual gates and station control units. The automatic gates will be installed in all central zone underground stations and will automatically check the validity of the tickets of all passengers entering and leaving the system. Special facilities will be provided for passengers with heavy or awkward luggage.

*

British Shipbuilders' North Devon subsidiary, APPLEDORE SHIPBUILDERS, has signed a contract with ARC Marine for a second suction dredger worth some £7m. The contract is for a 5,350 tonne dwt single-screw suction dredger to be used for the recovery of marine-dredged aggregate from the seabed, by means of a single overside pipe, capable of dredging to a depth of 45 metres. The dredger will discharge ashore by a twin drag scraper bucket system, working in conjunction with a series of conveyors, enabling the vessel to operate in various European ports. Control of the whole dredging operation will be carried out from the central console fitted in the bridge. A bow thrust unit will be provided to improve manoeverability during docking and undocking. The vessel, with a crew of 11, will have a length of 93 metres, breadth of 17.35 metres and a depth of 7.8 metres. Loaded draft will be 6.25 metres, on a deadweight of 5,350 tonnes (gross tonnage 3,500), and propulsive power of 4,380 bhp will give a service speed of 12 knots.

*

SMITHS INDUSTRIES AEROSPACE & DEFENCE SYSTEMS has been awarded four design and development contracts, worth around £3m, relating to the proposed Sea Harrier Mid-Life Update programme which aims at converting the existing fleet of Royal Navy aircraft to the Sea Harrier FRS Mk 2 variant. The Sea Harrier FRS Mk 2 will have a MIL STD 1553B data transmission system. The primary control function will be fulfilled by the bus control and interface unit (BCIU) designed by Smiths Industries. A modification to the design of the existing SI head-up display and weapon aiming computer (HUDWAC), currently fitted to the Sea Harrier FRS Mk 1, includes the provision in the electronic unit of the reversionary 1553B bus controller and a high-power executive processor. Smiths Industries is developing a new missile control system (MCS) for the aircraft. Consisting of a missile control panel and a missile interface and logic unit, the MCS will provide (via a 1553B remote terminal) control of all missiles. The design of the MCS is based on the Smiths Industries SGS-10 Series stores management system. The fourth development contract is for the Digital Air Data Computer (DADC). The design is based on the concept of the Flexible Air Data System (FADS) which the company is also contracted to supply to the BAe Hawk 200/100 Series aircraft. The DADC will replace the existing SI ADC on the FRS Mk 1.

*

SULZER BROS (UK) has been awarded a £700,000 contract for installation of mechanical services at the General Hospital in St Helier, Jersey, CI. The contract was awarded by Higgs and Hill Building who are the management contractors for the project. Work includes installation and conversion of high temperature hot water boilers and a distribution network to serve a new ward block. A Honeywell building management system will be installed to control all the mechanical services installation in the hospital, together with associated wiring. Work is due for completion in October 1986.

*

IMI COMPUTING, the IBM computing services organisation, has won contracts worth over £300,000 for System 36 applications from ILEA, Birmingham City Council, Pilkington, The Camping & Caravan Club of Great Britain and Ireland, and Truflo the engineering company. The ILEA contract involves a management information system to enable the Authority to achieve savings of at least £200,000 a year in its education catering service. The Birmingham City Council project concerns management of the City's consolidated loan fund. The project is believed to be a pioneering step by Birmingham City to create new information sources from fund data which will enable it to respond more effectively to the unpredictable and frequent fluctuations in interest rates which prevail today.

*

A contract worth nearly £3m to design, supply and install low-pressure boiler feed-water heaters and associated equipment at Drax power station, North Yorkshire, has been awarded to WEIR WESTGARTH of Wokingham, Berkshire, by the Central Electricity Generation Board. Six heaters are to be supplied, two each for the first three of the station's 660 Mw generating sets. The sub-contract for the manufacture of the heaters has been awarded to Weir Pumps of Glasgow after competitive tenders. Weir Westgarth is the specialist engineering contracting company of the Glasgow-based Weir Group.

*

SIR ROBERT McALPINE & SONS has been awarded a housing contract worth £1.25m by Retirement Properties for the construction of 18 two-bedroom flats at 33, Durdham Park, Bristol, and the conversion of two existing buildings into 11 separate flats, two guest suites and a communal area. The flats will be in two and three-storey blocks. Construction will be of load bearing blockwork with a rendered finish, precast concrete floors, slate roofs and cast stone windows and door surrounds. The contract includes the installation of three passenger lifts and the construction of nine integral garages. Work is due for completion in June 1986.

C. D. Bramall

AUSTIN/ROVER

MAIN DEALERS & DISTRIBUTORS

Half Year profit again increased

(Unaudited)	Half years ended 30.6.85	Half years ended 30.6.84	Year ended 31.12.84
	£'000	£'000	£'000
Turnover	41,906	30,668	61,142
Profit before tax	1,811	1,364	2,680
Profit after tax	1,054	733	1,441
Extraordinary Item, net	—	206	214
Dividend per share, net	2.60p	2.35p	6.70p

"The half year realised a very satisfactory profit, up by almost 33%. All companies within the original Bramall group performed satisfactorily.

The first two months of the second half year have produced good results and subject to no material changes in used car values, I anticipate that the last half of the year will produce a satisfactory conclusion to the year."

Tony Bramall, Chairman

Full Interim Report available from the Secretary, C. D. Bramall PLC, 146/148 Tong Street, Bradford BD4 9PR

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	132	—	6.6	5.0	7.3	6.7
151	135	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
77	43	Airsprung Group	55	—	8.4	11.8	9.2	12.0
42	28	Armitage and Rhodes	42xd	+1	4.3	10.2	5.2	6.3
159	108	Bardon Hill	154	—	4.0	2.6	19.5	20.3
64	42	Bray Technologies	62	−1	3.8	6.3	7.8	6.7
201	157	CCL Ordinary	157	−1	12.0	7.6	3.8	3.7
152	104	CCL 11pc Conv. Pf.	104	—	15.7	15.1	—	—
130	10	Carborundum Ord.	121	—	4.9	4.0	6.0	9.4
90	83	Carborundum 7.5pc Pf.	90	—	10.7	11.9	—	—
73	46	Deborah Services	52	—	7.0	13.4	5.4	7.1
487	182	Frank Horsell	481	—	1.4	0.3	11.3	15.3
390	170	Frank Horsell Pr.Ord.87	390	—	11.9	3.1	8.2	12.4
32	23	Frederick Parker	23	—	—	—	—	—
83	33	George Blair	82	—	—	—	3.3	6.1
50	20	Ind. Precision Castings	25	—	2.7	10.8	6.8	7.4
218	177	Isis Group	185xd	—	15.0	8.1	14.2	21.3
124	101	Jackson Group	106	+1	5.8	5.2	7.0	7.0
285	213	James Burrough	230	—	15.0	6.5	7.3	7.3
94	83	James Burrough 9pcPf.	92	—	12.9	14.0	—	—
95	71	John Howard and Co.	85	—	6.0	8.8	8.7	10.8
225	100	Linguaphone Ord.	185	—	—	—	8.6	7.1
100	91	Linguaphone 10.5pc Pf.	91	—	15.0	16.5	—	—
650	300	Minihouse Holding NV	570	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	84	−1	—	—	10.8	24.0
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle	73	−1	5.0	6.8	3.7	6.7
444	325	Travian Holdings	325	—	4.3	1.3	18.5	18.2
34	17	Unilock Holdings	33xd	—	2.1	6.4	8.0	6.8
113	81	Walter Alexander	110xd	—	8.8	7.7	8.2	7.8
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

Prices and details of services now available on Prestel, page 48146

Extracts from the Chairman's Statements

Blyvooruitzicht Gold Mining Company, Limited
Harmony Gold Mining Company Limited

(Both companies incorporated in the Republic of South Africa)
Members of the Rand Mines Group

I anticipate a moderate improvement in gold prices in dollar terms over the next year, although this trend may be muted on a rand per kilogram basis by a possible strengthening of the S.A. currency. Political events will, however, have a major bearing on the value of the rand – C. G. Knobbs.

Gold

In the year ahead, macro economic conditions particularly in the U.S. will be crucial to generating investor interest in gold and other precious metals. Unless progress is made in reducing the U.S. budget deficit, the Administration will be forced to maintain the present levels of monetary growth in order to re-invigorate the depressed manufacturing sector and prevent recession. The consequence of such a policy will be manifested in higher inflation and a weaker dollar. The outlook for other commodities, in particular oil, may cut two ways with regard to the price of gold; on the one hand depressing commodities, while on the other, engendering fears of possible insolvencies among Third World countries and U.S. banking institutions. Together, these factors should contribute to improved investor interest in gold, and I anticipate a moderate improvement in gold prices in dollar terms over the next year, although this trend may be muted on a rand per kilogram basis by a possible strengthening of the S.A. currency. Political events will, however, have a major bearing on the value of the rand.

Personnel management and industrial relations

The imminent removal of the "scheduled person" will do much to reduce black tension over lack of promotion opportunities. The replacement of the term "scheduled person" by a non-racial "competent person" definition in the Mines and Works Act will open the way for the appointment of the most able person for the job, regardless of race. The Minister of Mineral and Energy Affairs has announced that "scheduled person" will disappear from the Act during the next Parliamentary session and employers and employees must agree on the new definition of the substituted "competent person". In addition both parties must also agree on security of employment arrangements to protect white workers from indiscriminate and unfair replacement by blacks. The means of monitoring and enforcing these agreements must also be determined by both parties.

Blyvooruitzicht Gold Mining Company, Limited

	Year ended 30 June 1985	Year ended 30 June 1984	% Change
OPERATING RESULTS			
Tons milled	2 210 000	2 304 000	− 4
Gold: produced – kilograms	14 452	16 583	− 13
yield – grams per ton milled	6,54	7,20	− 8
Uranium: slime treated – tons	689 000	1 950 000	− 65
oxide produced – kilograms	104 298	267 669	− 61
yield – kilograms per ton of slime treated	0,151	0,137	+ 10
Working revenue: gold – per ton milled	R117,78	R109,06	+ 8
Working expenditure: gold – per ton milled	R72,50	R61,13	+ 19
Working profit: gold – per ton milled	R45,28	R47,93	− 6
GOLD PRICED RECEIVED			
Rand per kilogram	18 012	15 152	+18
FINANCIAL RESULTS	R000's	R000's	
Working revenue – gold	260 295	251 275	
Working expenditure – gold	160 227	140 839	
Working profit – gold	100 068	110 436	
Working profit – uranium	19 843	8 249	
Total working profit	119 911	118 685	
Interest received	12 134	9 386	
Profit before taxation and State's share of profits	132 045	128 071	
Taxation and State's share of profits	74 909	66 521	
Profit after taxation and State's share of profits	57 136	61 550	
Appropriations for net expenditure on mining assets	20 271	21 128	
Profit after appropriations for capital expenditure	36 865	40 422	
Dividends	43 200	42 000	
(Deficit) before general reserve transfers	(6 335)	(1 578)	
Transfers from general reserve	2 775	1 303	
Retained profit brought forward	9 823	10 098	
Retained profit at 30 June	6 263	9 823	

Personnel management and industrial relations

In the area of training, industrial relations has enjoyed a high priority. A large number of white employees in supervisory and management positions have been trained in aspects of industrial relations, and training will be intensified in the year ahead. Since the removal of statutory job discrimination in the form of Job Reservation Determination Number 27, a number of black employees have advanced to traditionally "white" skilled positions. Further attention will be paid to black advancement through the mine's participation in the Rand Mines Equal Opportunity Programme. This is a highly structured programme to help bring young blacks up to the same educational standard as their white counterparts.

Production costs

Once again the weak rand was a source of serious concern in respect of inflation and costs of production, and management is making every endeavour to contain cost increases to below the inflation rate. The disappointing drop in tonnage milled contributed to the high unit cost increase.

Outlook

Tonnage milled is expected to improve in the new year to 2,3 million with the result that additional gold should be produced when compared with this year.

Capital expenditure for the year ending 30 June 1986 is expected to rise to about R19,5 million. The largest portion will be expended on Main Reef development, and the other major items of expenditure will be the re-siting of the 6 level, 2 shaft pumps and settlers at 7 level, A2 shaft, on mining equipment and hydraulic props and accessories.

I believe that the total dividend for the year ahead will be increased above the current level of 180 cents per share, assuming an average gold price of R21 800 per kilogram can be achieved.

Harmony Gold Mining Company Limited

	Year ended 30 June 1985	Year ended 30 June 1984	% Change
OPERATING RESULTS			
Ore milled – tons	8 312 000	7 667 000	+ 8,4
Gold: produced – kilograms	33 881	31 451	+ 7,7
yield – grams per ton milled	4,08	4,10	− 0,5
Uranium: slime treated – tons	5 595 000	6 650 000	−15,9
yield – kilograms per ton of slime treated	0,082	0,083	− 1,2
Pyrite: concentrate recovered – tons	103 386	107 614	− 3,9
Sulphuric acid: produced – tons	94 445	135 983	−30,5
Total revenue per ton milled	R80,33	R68,27	+17,7
Total cost per ton milled	R54,01	R50,80	+ 6,3
Working profit per ton milled	R26,32	R17,47	+50,7
GOLD PRICE RECEIVED			
Rands per kilogram	18 557	15 108	+22,8
FINANCIAL RESULTS	R'000	R'000	
Total revenue	667 725	523 431	
Gold, silver and osmiridium	628 733	475 158	
Uranium, pyrite and sulphuric acid	38 992	48 273	
Costs	449 204	388 716	
Working profit	218 521	134 715	
Interest received	25 419	14 284	
Profit before taxation and State's share of profits	243 940	148 999	
Taxation and State's share of profit	93 926	46 969	
Profit after taxation and State's share of profit	150 014	102 030	
Appropriations for net expenditure on mining assets	80 245	47 254	
Profit after taxation and appropriations	69 769	54 776	
Dividends	64 523	63 179	
Surplus (deficit) before general reserve transfers	5 246	(8 403)	
Transfers from general reserve	90	442	
Retained surplus (deficit) for the year	5 336	(7 961)	
Dividends – Cents per share	240	235	

Uranium

Looking ahead, I do not anticipate any major upward uranium price correction, although the potential for some gradual improvement does now seem to prevail. Moreover, the potential for further downward movement in prices has abated.

Based on current projections for mines in production, under construction, and on the drawing boards, the market should return to balance by the end of the decade and unless any new major sources of supply are discovered, should allow positive price appreciation after allowing for inflation.

Industrial relations and personnel management

Access to the mine for recruiting purposes was granted to the National Union of Mine Workers (NUM) on 13 June 1985. Management on the mine continue to give top priority to internal industrial relation systems as a whole. The consultative council system for black employees is functioning effectively and industrial relations training for junior supervisors is progressing well. In all 280 supervisors have attended training this year. This will intensify in the year ahead.

Outlook for 1985/86

The tonnage to be milled in the year ahead is expected to be maintained at present levels. The grade could decrease slightly due to increased Leader Reef mining in the Harmony section. New working faces on Leader and "A" reef will be established over the next 18 months to provide the additional tonnage for treatment in the new Harmony No. 4 gold plant. This preparation will involve costs which, during the 1985/86 financial year will make no contribution to production results, but are essential to achieve the planned build-up of production.

Planned capital expenditure for the year ahead will total R130,8 million. The bulk of this money will be expended on the numerous activities directed towards increasing the total tonnage milled on the mine.

I believe that the total dividend for the year ahead may be increased above the current level of 240 cents per share, assuming an average gold price of R21 800 per kilogram.

The annual financial statements and chairman's statements may be obtained from Rand Registrars Limited, 49 Jorissen Street, Braamfontein, 2001.
Hill Samuel Registrars Limited, 8 Greencoat Place, London SW1P 1PL.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Political climate

'Best ever opportunity'

BY WILLIAM DAWKINS

NOW THAT the dust has settled after ths recent Cabinet reshuffle, small business lobby groups are surveying the changes and beginning to realise that they cannot believe their luck.

At first sight, the cards could not have been dealt more in their favour. "The lobbyists have now got the best opportunity they ever had," says Bill Poeton, president of the Union of Independent Companies. "Until recently, the Conservative Party just willed the small business sector to grow. Now they have willed the means to provide that growth," he adds.

Lord Young is without doubt the ace in the small business sector's hand. Following his elevation from Minister Without Portfolio to Employment Secretary, he has been heard in private to refer fondly to his new department as the department for small firms. His appointment should dispel many lobby groups' earlier anxieties that be lacked the political clout or administrative equipment to push through some of his more radical plans for cutting the red tape which the Government fears is choking the sector's growth.

"The appointment of Lord Young after only one year in the Cabinet Office proves that the Government is now prepared to recognise the role that small business has to play in job creation," says the Forum of Private Business.

John MacGregor's promotion from Agriculture Minister to Chief Secretary to the Treasury brings a former small business minister — with a presumably sympathetic attitude to the entrepreneur's cause — to a department with more influence than most on small firms. MacGregor's appointment could also bode well for the future of the ailing Loan Guarantee Scheme, a much-criticised—though effective — measure which he was responsible for introducing in 1981.

Meanwhile, the arrival of Kenneth Clarke, former Health Minister, at the Department of Employment as Paymaster General and employment spokesman in the Commons ensures a strong and senior ally for David Trippier, who remains small firms' minister and who was once Clarke's parliamentary private secretary.

David Trippier: "Small firms are the ones to make a dent in unemployment"

All this can only indicate that the interests of small businesses will now achieve a greater prominence in Whitehall than ever before. As Trippier puts it: "It is vitally important that we make a dent in unemployment — and small firms are the ones that are going to do it."

Given the Government's high —some believe over-optimistic — expectations for small firms' job creating potential, to what extent will tha reshuffle bring practical changes or prove to be merely cosmetic?

Trippier, the small businessman's first contact in Government, has seen his influence and spending power considerably enlarged. His mova to the Department of Employment under Lord Young—with whom be has been working closely on deregulation for the past year — gives him control of an annual budget of £1.6bn. That compares with the £1.3bn spent in a year by the whole of the Department of Trade and Industry, Trippler's former ministry.

A large part of his new budget is swallowed up by the Manpower Services Commission's training schemes, of which Trippier takes charge. He will not be seeking to enlarge his spending allocation, though it is possible that be will be looking for ways to share it out differently.

That means that it now looks more likely that the Government will take a greater pump-priming role in financing Britain's 295 registered enterprise agencies, the private and public sector partnerships which offer advice and assistance to small businesses. It is no secret that the agencies are dear to Trippler's heart; indeed he was involved in establishing one in his constituency of Rossendale.

He also brings with him from the DTI the 450 staff of the central Small Firms' Division and the Small Firms' Service, which provides free counselling for small business managers through 12 regional centres. On top of that, he takes responsibility for tourism — a thriving sector with a £10bn annual turnover dominated by small businesses — enterprise, deregulation, and the Enterprise Allowance Scheme.

The EAS, which provides a £40 per week grant for unemployed people starting their own business ventures, makes a logical fit with the Small Firms' Service and with the MSC's gradnate training programme, argues Trippier. Part of his new job will be to ensure closer co-ordination between the Government's training programmes and small business support measures. Trippier is considering, for instance, ways to encourage more small business proprietors to take on Youth Training Scheme workers.

One of Trippier's recent tasks at tha DTI was to reorganise and simplify the department's 64 industrial assistance schemes into four easy-to-understand packages. Employment regulations and incentive schemes are still confusingly presented for many entrepreneurs, and it seems likely that Trippier will seek to give them the same "repackaging" treatment.

Trippier will also be working closely with Lord Young in preparing a second White Paper on deregulation, which will be presented early next year and cover areas missed out of Lord Young's July paper, Lifting the Burden.

In the longer-term, Trippier has set himself an ambitious personal target. "My aim in life," he says, "is to try to get the 25 per cent of the UK work force that is employment in small firms up to 50 per cent."

In brief...

WORLD TRADE Intelligence, a recently formed publishing venture, is to launch this month the first three in a series of annual country-by-country guides for exporters.

The 250-page books cover exporting to West Germany, the Netherlands and France, the UK's biggest European markets. WTI plans to issue guides to another 20 overseas markets in the next three years. Compiled by Jim Hogan, a former British Overseas Trade Board official, the guides includa details of important buyers, agents, distributors and wholesalers in each country, with named contacts, addresses, telephone and telex numbers and the products they want to handle.

They cost £24.50 plus £1.50 post and packaging each and are available from WTI at 146 Tabernacla Street, London EC2A 4QJ. Telephone 01-608 1181.

●

A SERIES of small seminars to help small businessmen and their advisers avoid falling foul of the recently toughened up VAT regulations is to be held by the Institute of Chartered Accountants in England and Wales.

The one-and-a-half-hour early evening sessions cover the requirements for VAT records, the role and function of a visit by a VAT officer, the grounds for appeal against an assessment and the formalities to be observed. Participants will also be shown a video produced by the Institute, depicting the fate of a small garage owner when VAT officers discover discrepancies in his accounts.

Seminars will be held at 59 locations in England and Wales throughout October. Tickets cost £37.95 (including VAT) and can be obtained from Beverley Barnes, The ICAEW, 399 Silbury Boulevard, Central Milton Keynes, MK9 2HL. Telephone 0908 668833.

●

A NEW FACE appears tomorrow at the helm of National Westminster Bank's small business section.

Andrew Lord, 43, takes over as manager from Noel Dearing, who launched the section in January 1982 and whose forthright views have made him well-known in small business circles. Dearing, also 43, has been promoted to manager of the bank's Ashford, Kent, branch. "It's a case of now practising what you preach. I'm getting back to the sharp end," says Dearing.

Lord has an appropriate background for his new post, having spent two years as a manager in tha bank's industrial unit, where his job was to conduct spot investigations of small and medium sized companies in trouble and advise them bow to pull their socks up.

Poor management information was the most frequent cause of disaster, says Lord. "Too many people think that so long as they are busy, they must be making profits," he adds. For that reason, he will be carrying on Dearing's staunch opposition to government proposals to release small firms from the need to submit annual audits.

●

BRITISH Telecom has introduced a telephone call logger designed primarily for small businesses which need to monitor and control telephone bills.

The Sherwood Plus is aimed in particular at professional practices like accountants, solicitors or management consultants, who need to keep tabs on bills and apportion telephone costs to particular customers. The machine provides a printed record and electronic display of the time a call is made, its length, cost and the number dialled. It costs £199 from BT Area Sales Offices and Inphone stockists.

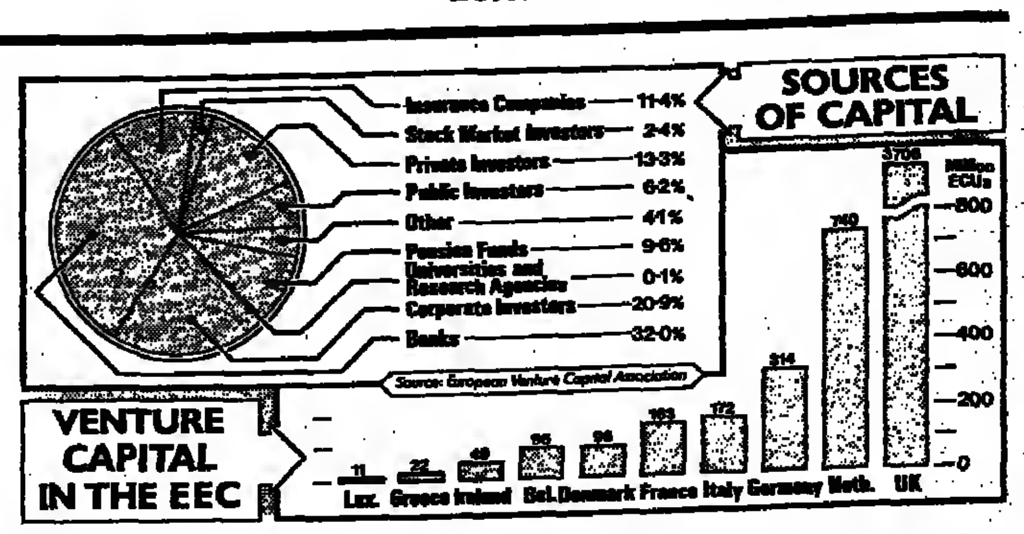
●

APPLICATIONS must be received by the end of October for a £10,000 marketing competition sponsored by Fidelity Colour Printers, the Essex-based printing and marketing services group.

The scheme, run in association with the Department of Trade and Industry, is open to individuals and companies with less than 200 employees and sales of up to £2m. Applicants are asked to submit a plan indicating bow marketing services would be used to achieve business objectives.

The winner, to be announced early next year, will receive £10,000 worth of marketing services—including design, public relations, consultancy and printing—from Fidelity. Two runners-up each get £1,000 worth of services.

Entry forms can be obtained from any of the DTI's Small Firms' Centres, from Mulberry Marketing Consultants on 079 721 223 or from Fidelity on 0268 419191.



Venturing into Europe

William Dawkins reports that a survey on venture capital has disclosed real evidence of a dearth of investment opportunity

THE SHORTAGE of young companies good enough to attract risk investmant has been widely bemoaned by venture capitalists throughout Europe.

Concrete evidence of just how thin on the ground they are emerged this week in the form of the final version of tha European Venture Capital Association's long-awaited survey of venture investment in tha community.

The study, the most detailed ever of European venture capital, is to be formally published in November by the European Commission. It covers 190 investment groups across the community, representing combined funds of Ecu 5.4bn (£3.3bn).

"Whilst these funds are nominally available for venture capital throughout Europe, the general lack of sufficient good quality projects or young companies requesting investment dictates that a large proportion of the funds will be channelled into mature companies requiring development capital," says accountants Peat, Marwick, Mitchell, which carried out the study.

Peat Marwick actually identified 284 European ventura capital groups, of which just over two-thirds responded to the questionnaire. Its educated guess, therefore, is that the total amount available to back young companies in Europe is more than Ecu 7bn (£4.3bn), of which Peat Marwick believes just over half has been invested.

That compares with the Ecu 19bn of venture capital estimated to have been available in the U.S. at the end of last year. To put that more into perspective, European countries had made an average of 0.19 per cent of their gross domestic products available for venture finance last year, less than half of the U.S. proportion, 0.41 per cent. That, however, encompasses a wide range, from a surprising 0.69 per cent of GDP in Britain to a mere 0.03 per cent in France.

Both the association and the commission have for long been worried that small European companies find it harder to grow than their U.S. counterparts because of the considerable national and trade barriers they face. For this reason, they are considering ways to encourage cross-border syndication of venture capital financings. This, argues the survey, would help small businesses cross national trade barriers and attack European-wide markets.

Syndication is becoming increasingly common in Europa as venture capital investors become more aware of the value of spreading their risks, but "the tendency is still to conclude arrangements with national partners," says the study.

It points out that Ecu 1.5bn was invested by European venture capitalists in the four years to 1984—representing 2,000 transactions—of which Ecu 821m was syndicated in 808 deals. Just over 10 per cent by value of those syndicated deals were made with foreign partners, the survey suggests. That proportion rises to 20 per cent in the U.S., where if anything the pressure to attract foreign investors should be less because of the vast size of the domestic market available to venture-backed companies.

Not surprisingly, banks come out as the most important venture capital investors in Europe, representing 32 per cent of the total, followed by corporate investors with 21 per cent, private investors with 13 per cent, and pension funds and insurance companies with a combined 21 per cent.

There are marked national deviations from the European average. Belgian banks, for instance, are forbidden by law from participating directly in company investments, while publicly backed organisations provide more than a fifth of all risk capital there.

In the Netherlands, the Government-backed MIP Equity Fund together with publicly funded regional development associations provida 24 per cent of the nation's venture capital and are in fierce competition with independent funds. In the UK, 3i—owned by the major clearing banks and the Bank of England—accounts for about half of the £2.3bn supply of venture capital.

A breakdown of the industrial sectors to have received risk investment suggests that even if entrepreneurs of the right quality are hard to find, venture capitalists are still able to put their money into companies operating at the forefront of technology.

Computers and related products account for 19 per cent of European venture capital investment, followed by equipment and machinery with 13 per cent, electronics with 11 per cent and advanced manufacturing techniques with 9 per cent.

Business Opportunities

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For further information, please contact the joint receivers and managers, Phillip G. Porter and Ian D. B. Bond, at the address below or telephone (0703) 34521. Telex: 477334 (DHSSTN G).
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Transport
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For further details contact Tim Flanagan or Maurice Moses at the address below or on Tel: 01-236 6500 (Telex 894941).
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Modern Foundry
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The business occupies 78,000 sq. ft. of buildings on a 5.6 acre freehold site.
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Spicer and Pegler & Partners,
Friary Court, 65 Crutched Friars,
London EC3N 2NP
Telephone: 01 480 7766
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Lead Crystal Glass Manufacturer
Stourbridge, West Midlands
The receivers offer for sale, as a going concern, the assets and business of this company, which manufactures full-lead crystal products, hand blown and decorated.
* freehold premises on a site of about 2.2 acres
* 70 employees
* turnover approximately £800,000

For further details contact the Joint Receiver:–
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Tel: 021-233 1666. Telex: 337774
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Micro-Simplex Ltd
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For further details contact Allan Griffiths of Malcolm Shierson, Thornton Baker, Brazennose House, Brazennose Street, Manchester M2 5AX.
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C&L

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Businesses Wanted

WANTED

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We would like to hear from owners of toiletry or related companies, with sales of £1 million to £10 million.

Please reply in confidence to explore the opportunity to
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BUSINESS WANTED

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Write Box H0211, Financial Times, 10 Cannon Street, London EC4P 4BY

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(National Oil Exploitation Company)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploration Company)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 9166 AY/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

Lot No. 1 — Independent 1,000 hp pumping unit comprising a 1,100 hp CAT D 399 diesel engine and a Triplex sludge pump — quantity: 2.
Lot No. 2 — Siemens alternator Type IFCA-354 4FE 45 — quantity: 2.
Lot No. 3 — Caterpillar D. 379 500 kVA 60 Hz generator set — quantity: 4.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH
ALGIERS, ALGERIA
Direction des Approvisionnements (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secrétariat de la Direction des Approvisionnements (Secretariat, Supplies Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL A LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 9166 AY/MEC—CONFIDENTIEL—A NE PAS OUVRIR" (National and International Open Call for Tenders No. 9166 AY/MEC—Confidential—Do Not Open). Tenders must be received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUE
(Ministry for Energy & Chemical & Petrochemical Industries)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 9168 AY/MEC

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

Lot — KHD power pack for skid with Deutz Type B.A. 12 M 816 motor — quantity: 3.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH
ALGIERS, ALGERIA
Direction des Approvisionnements (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

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Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

Company Notices

Ford

Following the DIVIDEND DECLARATION by the Company on 11 July 1985, NOTICE is now given that the following DISTRIBUTION will become payable on or after 17 September 1985.

Gross Distribution per Unit		3.00 cents
Less 15% U.S.A. Withholding Tax		0.450 cents
		2.550 cents
Converted at $1.385	=	£0.018411552

Claims should be lodged with the DEPOSITARY: National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2, on special forms obtainable from that Office.
United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.
All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.
DATE 10 September 1985

Notice to Holders of THE NOMURA SECURITIES CO., LTD.

Warrants to subscribe shares of Common Stock of The Nomura Securities Co., Ltd. issued in conjunction with an issue of US$100,000,000 6½ per cent Notes due 1988

Pursuant to Clause 3 of the Instrument dated 7th November, 1983, under which the above Warrants were issued, notice is hereby given as follows:
1. On 12th September, 1985 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of 30th September, 1985 in Japan, at the rate of 0.02 new share for each share held.
2. Accordingly, the subscription price of the Warrants will be adjusted effective immediately after such record date. The *subscription price in effect prior to such adjustment is* Yen712.70 per share of Common Stock, and the adjusted subscription price is Yen698.70 per share of Common Stock.

THE NOMURA SECURITIES CO., LTD.
By: The Toyo Trust and Banking Co., Ltd.
as Principal Paying Agent

Dated 17th September, 1985

ENTE NAZIONALE PER L'ENERGIA ELETTRICA(ENEL) $ U.S 300,000,000 FLOATING RATE NOTES DUE 2000 GUARANTEED BY THE REPUBLIC OF ITALY

For the six months, September 3, 1985 to March 2, 1986, the rate of interest has been fixed at 8 3/8 % P.A.

The interest due on March 3, 1986 against coupon nr 2 will be $ U.S. 421,08 and has been computed on the actual number of days elapsed (181) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE
15, Avenue Emile Reuter
LUXEMBOURG

LAFARGE COPPEE US$40,000,000 15½% 1981/1989

On August 29, 1985, Bonds for the amount of U.S.$4,000,000 have been drawn in the presence of a Notary Public for redemption on October 15, 1985.
The following Bonds will be redeemable coupon due April 15, 1986 and following attached:
26240 to 30239 incl.
Amount outstanding: U.S.$28,000,000.
Luxembourg
September 12, 1985.
THE FISCAL AGENT
KREDIETBANK
S. A. LUXEMBOURGEOISE

NATIONAL BANK OF HUNGARY US$200,000,000 FLOATING RATE NOTES DUE 2000 (Coupon No. 1)

Pursuant to Note Conditions, Notice is hereby given that for the interest period from 17th September 1985 to 17th March 1986 an interest rate of 9⅛ per cent per annum will apply.
Amount per coupon = US$458.64 payable on 17th March 1986.
Reference Agent:
THE LONG-TERM CREDIT BANK OF JAPAN, LTD.
London Branch.

Art Galleries

RICHARD GREEN, 44, Dover Street, W1. 01-493 3939. RICHARD ANSDELL, RA. CENTENARY EXHIBITION. Daily 10-6, Sat. 9.30-12.00. Opens 19th September.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557.

F.T. CROSSWORD PUZZLE No. 5,823

ACROSS

1 Its lead decreases and it often drews (6)
4 Science-fiction writer about whom divinity gave a ruling (8)
9 Cromwell and Goldsmith — who could ask for more? (6)
10 Fatherly friend swallows a tear (8)
12 One who talks one round to composing some music (8)
13 For him to laze is unusual (6)
15 Lift and cut (4)
16 Kind of gamble is without point (7)
20 It is a blemish on the most radiant of faces (3-4)
21 Sling one's hook if turned to silence? (4)
25 A learner gets many grants (6)
26 It suffers periodic reversals in the kitchen (3-5)
28 Interview everybody in the theatre (8)
29 Equip a girl for Naval war service (6)
30 Intruduce girl to mysterious rite with incense (8)
31 Rob and possibly hit a girl (6)

DOWN

1 Dab discovered far below the surface (8)
2 In use, can turn into a problem (8)
3 Refrigerator that's U.S.? (3-3)
5 Like a rugby ball used by cricketers (4)
6 and 14 down: Sober geezer once till the spirits moved him (8, 7)
7 Growing anger? (6)
8 Get rid of an obstruction in the river (6)
11 Arrange to get rid of (7)
14 See 6 down.
17 Not quite free to give the result of the division (8)
18 A fruit that won't give a fixed delivery time? (4, 4)
19 Curtailed a long time period of deficiency (8)
22 Where in Africa one supports the law to some degree (6)
23 One powerless to fly (6)
24 It makes clothes hard to wear (6)
27 Short way round company tax (4)

Solution to Puzzle No. 5,822

APPEND ASTEROID / TANGERINE ILEUM / MATE FIRSTCLASS / TELLING NAPALM / LAUREL UPTIGHT / ENDPRODUCT TSAR / REICH ELIMINATE / OVERCAST ASTERN

APPOINTMENTS

Finance director at Coats Patons

On January 1 Mr James McAdam will become finance director of COATS PATONS in succession to Mr Charles P. Wallace, who is to retire. He will also become chairman of Jaeger Holdings on the retiral of Mr George A. Young at the end of 1985. Mr McAdam will retain his present responsibilities as managing director, garments division. Mr John M. Houston will become group financial controller on January 1.

★

WILLIS FABER has appointed Lord Pennock and Mr Michael Rendle as non-executive directors. Lord Pennock was deputy chairman of ICI until 1979 and then chairman of BICC from 1980 to 1984. He is deputy chairman of Plessey and on the boards of the Standard Chartered Bank and of Morgan Grenfell Holdings. Mr Rendle is a managing director of BP from which he retires at the end of the year.

★

Mr D. M. de Groot has been appointed a director of RTD GROUP.

★

STANDARD CHARTERED MERCHANT BANK has appointed Mr Ng Eng Leong as managing director of Standard Chartered Merchant Bank Asia.

★

Mr John Thackway, previously head of group personnel development, MIDLAND BANK, has been appointed group personnel director following the retirement of Mr Brian Cocup. Mr Thackway, who joined Midland in December 1984, was previously director of personnel policy, British Rail.

★

The ALLIED DUNBAR GROUP has appointed Mr Harry Littlefair managing director of Allied Dunbar Unit Trust. He was previously deputy managing director. Mr Syd Lipworth becomes chairman, taking over from Mr George Fletcher who has decided to reduce his business commitments by stepping down from the chairmanship of Allied Dunbar Unit Trusts. (He also steps down as a director of Allied Dunbar Assurance. He remains a non-executive director of Allied Dunbar Unit Trusts and a member of th investment committee.

A company has been formed to co-ordinate and manage the unitised equity investments of the Allied Dunbar Group. Called Allied Dunbar Equity Management, it will have a board consisting of the following: Mr Harry Littlefair (managing director). Mr John Gurney and Mr Nicholas Roach (joint deputy managing directors). Mr John Sharman. Mr Michael Fareman and Mr Gary McGuire. Mr Syd Lipworth will also be a member of the board and Mr Alex Lyle and Ms Sarah Arkle will be assistant directors.

sAHE andr shrdlu cmfwyp cm

Mr C. John Crowe has joined the board of GATEWAY BUILDING SOCIETY. Mr Crowe is retired after a career with ICI, where his last appointment was as treasurer and chief financial officer.

★

SAMUELSON GROUP has made the following board appointments: Mr Michael Samuelson, previously managing director, has been appointed deputy chairman. Mr Jonathan Samuelson, previously finance director, has been appointed managing director. Mr Stephen Goodman has been appointed finance director. He was previously a partner in Booth, Anderson and Co, the auditors to Samuelson Group.

★

FIRE PROTECTION SERVICES has appointed Mr J. S. Hendry a director. He was previously managing director of Walter Kidde.

★

Mr F. J. Cole, financial director of LANCASHIRE TAR DISTILLERS, has succeeded Mr W. D. Holt as managing director. Mr Holt will act in an advisory capacity to the board for some time to come.

★

Mr Chris McManus has been appointed group financial director of POINTON YORK, the London and Leicester-based insurance, pensions and financial services group.

★

Mr Graham Clark has been appointed divisional director, specialist retail chains, of W. H. SMITH AND SON LIMITED.

★

Mr David Brickley has been appointed managing director of LYDDON FINANCIAL SERVICES, a wholly owned subsidiary of Lyddon and Co., stockbrokers, of Cardiff, Swansea and London.

★

Mr Richard Evans has been appointed managing director of ALFRED McALPINE INTERNATIONAL following the death of Mr David Eaton in August. For the last year Mr Evans, 43, has been deputy managing director of Alfred McAlpine Services and Pipelines.

Mr Brian Melling has been appointed to the board of ALFRED McALPINE CONSTRUCTION (North Region), and Mr Donald Tulloch to the board of ALFRED McALPINE MINERALS.

★

Mr P. M. Fallen has been appointed a director of ASSOCIATED NEWSPAPER HOLDINGS.

★

Mr Anthony Ramm has joined the FLEXIBLE AUTOMATION SYSTEMS GROUP as managing director of automation systems division. Mr Ramm was previously a consultant with Ingersoll Engineers.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilt & Fixed Int.	113.2	117.7xd	+0.3	10.20
High Inc Equity	72.7	[illegible]	−0.3	6.40
Worldwide Bond	148.1	158.7xd	+0.9	8.11
Capital Growth				
American Growth	128.7	136.9	−0.8	2.92
Asian Pacific	46.5	49.9	−0.4	2.54
Accs & Crisps. Tt.	77.4	82.8	−0.3	2.20
Capital Reserve	59.8	59.9	+0.1	—
Commodity & Engy	69.7	74.9xd	−0.5	2.03
European Capital	51.5	54.8	+0.2	2.74
General	105.3	112.4	−0.6	3.78
Japan	144.4	155.3	+0.9	—
UK Growth Acc Units	105.3	113.0	+0.2	—
UK Growth Dist.	73.9	79.5	+0.2	1.94
U.S. Emerging Co's	51.5	55.7	−0.5	0.47
Equities Prog.	158.7	169.7	−0.7	5.86

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

	Bid Price	Offer Price	+ or −	Yield Gross
American Tech Fd.	100.9	108.0	−1.1	—
Pacific Fd.	118.0	126.3	−0.2	0.20
Secured Income Fd.	140.6	150.5	−0.5	9.50
Special Sits.	157.8	168.9	+1.3	1.56
Energy Fd.	29.6	31.8	—	0.60
American Majors	55.5	59.4	−1.2	1.58
Small Co's Fd (Strtrl)	29.5	31.5	—	7.47
Jan. Technology	53.0	55.6	+0.5	0.10
International Income	50.0	53.4	+0.1	7.00
Exempt	439.5	470.4	—	—

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar House, Hutton, Brentwood, Essex Brentwood. (0277) 211459 & 229123

	Bid Price	Offer Price	+ or −	Yield Gross
Balanced Trusts				
First Trust	177.9	189.0xd	−0.5	3.76
Growth & Inc Trust	106.0	112.9	−0.5	4.07
Capital Trust	190.5	202.9	−0.5	3.31
Balanced Trust	285.1	303.6	−1.4	3.82
Accum Trust	433.7	461.9	−2.0	3.14
Income Trusts				
American Income Tst.	26.4	28.1xd	−0.2	5.05
High Income Trust	186.4	198.5xd	−0.8	5.74
Equity Income Trust	223.3	238.0	−0.4	5.98
High Yield Trust	113.6	121.0	−0.4	6.72
Govt Secs Trust	28.8	30.1	+0.1	9.57
International Trusts				
International Trst	57.4	61.1	−0.1	2.27
Japan Trust	56.1	59.7	+0.4	0.01
Pacific Trust	109.6	116.7	+0.6	1.65
AmerSpecSits Tst	55.2	58.8xd	−0.5	2.01
Secs of Amer. Tst	167.8	178.7	−1.0	1.76
Specialist Trusts				
Asset Value Tst.	172.5	184.0	−0.5	3.67
Gilt Growth Tst.	33.5	34.9	+0.1	9.24
Smaller Co.Tst.	97.0	103.3	−0.3	2.47

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd	63.0	67.9	-0.2	3.16
Accum Units	94.3	100.5	-0.3	3.16
Pearl Inc	89.7	95.5	-0.7	5.16
Pearl Unit Tst	93.5	99.5	-0.5	4.23
(Accum Units)	158.1	168.2	-0.9	4.23

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	186.2	199.9	+0.2	1.54
Income	141.1	151.1	-0.3	5.40
Worldwide Recovery	104.0	111.6	-0.9	2.20
American Growth	55.4	59.5	-0.4	0.65
Intl Emerging Cos	58.7	63.0	-0.1	0.70
Far East Growth Fd	47.1	50.6	+0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	100.9	110.2	+0.7	0.26
Prolific Extra Inc	62.2	66.2	-0.1	6.10
Prolific Gilt G.tg	87.3	85.8	+0.1	3.21
Prolific High Inc	134.2	142.5	-0.3	5.77
Prolific Intl	87.3	58.2	-0.3	1.75
Prolific N. Amer	112.1	120.1	-1.4	2.36
Prolific Spec. Sits	143.5	152.7	+0.3	1.67
Prolific Technology	97.6	108.6	-0.5	0.99

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.7	52.6	+0.4	—
Worldwide	48.6	51.5	+0.1	1.99
European Trust	52.5	55.6		2.16
North American	48.4	51.3	-0.1	2.40
UK Equity	50.6	51.6	-0.2	3.98

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst	322.8	343.3	-1.4	3.72
Holborn European Trust	—	90.0		1.08
Holborn Gilt Tst.	154.9	162.1	+0.3	8.66
Holborn High Inc	54.9	58.4		7.30
Holborn Intl	61.2	65.1		0.42
Holborn Japanese Trust	—	50.0		0.06
Holborn N. Amer. Trust	—	50.0		2.27
Holborn UK Growth	63.8	67.8	-0.1	3.10

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	324.9	345.7		3.71
Quadrant Income	179.9	191.4		5.90
Quadrant Intl. Fund	296.8	312.5	-1.4	1.53
Quadrant Recovery	196.9	209.5		2.74

Reed Stenhouse Inv Services Ltd
245 Borough High St, Lon SE1 1NV 01-628 6011

Wellington Inc.	51.6	54.9		6.90
Wellington Growth	107.6	114.5		2.00

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	91.4	97.3	-0.2	1.66
Do. Accum	95.2	101.3	-0.2	1.66
TSB Extra Income	83.0	88.4	-0.3	6.40
Do. Accum	95.5	101.6	-0.3	6.40
TSB General	119.9	127.0	-0.6	3.41
Do. Accum	193.4	205.7	-1.0	3.41
TSB Gilt & Fxd Int	47.1	49.1	+0.1	9.44
Do. Accum	58.0	60.5	+0.2	9.44
TSB Income	165.7	176.4	-0.8	5.02
Do. Accum	249.9	265.9	-1.2	5.02
TSB Pacific	101.9	108.5	+0.5	0.73
Do. Accum	104.5	111.2	-0.9	0.73
TSB International	228.5	243.1	+0.2	2.00
Do. Accum	278.1	295.9	+0.2	2.00
TSB Natural Resources	44.6	47.4	-0.2	2.00
Do. Accum	45.1	48.0	-0.2	2.00
TSB Secd. Opps.	46.1	49.1	-0.1	2.48
Do. Accum	50.9	54.2		2.48

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Small Co's Fund	67.1	71.8	+0.2	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	64.9	69.4	-0.6	0.27
Australia	29.7	31.7	+0.3	0.30
Commodity	85.0	91.4	-0.2	2.05
Energy	39.4	42.1	-0.6	0.32
Equity	100.7	101.4	-0.2	3.80
European Spec. Sits.	55.6	59.3	-0.1	0.62
Extra Income	90.9	97.2	-0.9	8.34
Financial	202.5	216.0	-0.6	2.64
Gilt Capital	221.0	232.3	+0.5	3.25
Gilt Income	99.8	106.5	+0.2	0.69
Gold Income	59.4	63.5		2.85
Gold Acc	107.2	114.6		1.87
Income	59.5	64.0	-0.5	4.85
Japan	44.9	47.9		0.17
Malaysia & Singapore	28.1	29.8	-0.2	0.67
Pacific Income	62.5	66.8		0.50
Pacific Re Inv	76.5	81.8		0.50
Preference Share	16.0	17.3		10.10
Professional	488.9	521.5	+0.4	2.10
Special Sits	77.4	82.8		1.20
Technology	38.9	41.6	-0.3	0.10
U.S. Special Bond	49.0	52.4	-0.3	6.45
Worldwide Capital	107.8	115.0	-0.2	1.83
Equity Exempt Sept 11	641.0	685.9		2.39
Equity Ex Acc Sept 11	1,181.8	1,260.4		2.39

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 342, 32 St Mary-at-Hill, EC3. 01-623 9333

Electra Small Cos. Fd	123.96	130.78	4.16
Hgh Income	41.7	44.7	7.17
North American	103.0	109.5	0.94

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV | $11.27 | | — | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. | $13.03 | | −0.09 | —
Inv. Adv.: M & G. Inv. Mngt. Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech | $9.26 | | +0.08 | —
Dynamic Grwth Fd | $4.34 | | +0.08 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund, 77 London Wall, London EC2N 1DB, 01-588 1815				
Deposit	11.40		—	3-Mth
The Money Market Trust, 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.10	8.36	12.39	6-mth
7-day Fnd	11.59	8.64	12.86	6mth
Oppenheimer Money Management Ltd, 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.21	8.38	12.33	6-Mth
7-day Fund	11.57	8.65	12.74	6-Mth
Dollar		6.81	—	6-Mth
Money Mngt. Acct.	11.00	8.22	12.77	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc, 22 Charlotte Sq. Edinburgh, EH2 4DF, 031-225 8484				
Full Service Chq Acc.	11.25	8.00	11.93	Qtr
Aitken Hume, 30 City Road, EC1Y 2AV. 01-638 6070				
Treasury Acc	11.25	8.41	12.58	Qtr
Mth. Int. Chq.	11.125	8.32	12.56	Mth
Bank of Scotland, 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.85	8.11	12.01	Mth
Barclays Prime Account, PO Box 125, Northampton, 0604 252891				
High Inc. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd., 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc, 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings, St Martins Hse, Hammersmith Grove, 01-748 9251				
Cheque Plus		9.00	13.30	Qtr
Co-operative Bank Cheque & Save, 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.43	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd, Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd, 9 Henrietta Place W1M 9AG, 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.90	Mth
Henderson/Bank of Scotland, 38 Threadneedle St EC2P 2EH, 01-628 8060				
Money Mkt. Cheque Acc.	10.85	8.11	12.01	Mth
Lloyds Bank PLC, 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.52	Qtr
Lombard North Central PLC, 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.200	—
M & G/Kleinwort Benson, 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc, PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Choulartons), 30 Ashley Rd, Altrincham, Cheshire, 061-928 9011				
Cheque Acc.	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc, 24 Lombard St, London EC3V 9BA, 031-557 0201				
Premium Account	11.0	8.22	12.22	Qtr
Save & Prosper/Robert Fleming, 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co, 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.23	8.39	12.53	Qtr
Money Acc.	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd, Enterprise House, Portsmouth, 0705 827733				
Special Acc.	11.00	8.22	12.40	Mth
Over £10,000	11.25	8.41	12.70	Mth
Western Trust & Savings Limited, The Moneycentre, Plymouth PL1 5SE, 0752 24141				
High Int Chq Acc.	11.81	8.83	13.04	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase, ex en dividend.

OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Brazil warns on coffee pact abuses

BY ANDREW GOWERS

BRAZIL, the world's biggest coffce producer, yesterday lsunched a fresh appeal fer disclpline io the International Coffee Agreement, saying that abuses hy some producers were threatening its survival. Speaking ot the opening session of the lnternational Coffee Organlsalien's snnual negotiotions on export quolas in Londen, Sr Reberto Gusmao, the counlry's Trade and Industry Minister, also called for "a rational and unemotional discussion" of the quota levels for the coming coffee year, which begins in Oclober.

Sr Gusmae said that the global quota fer the current year, origioally fixed at 61m bags and now reduced to 58m bags, bad beeo too large and thet last year's quota negotiations bad taken place ln an emotional atmospbere.

"The oetting of a global quota far in excess of estimated demand caused great anxiety in producer countries, and, as we foresaw, ended by pushing prices below the range we are committed to defend."

Consumption in 1985-86 is forecast hy the ICO st around 56m bags.

Sr Gusmao refused to say what Brazil wanted the quots fer 1985-86 te be, bul said that ideally it should keep prices between 130 cents and 140 cents a pound. The ICO's 15-day moving average price is presently below the organisation's official minimum of 120 cents.

Brazilian efficials have indicated that the country would press for s glebal quota below 57.5m bags, which they say is the anticipated actual level of shipments this coffee year.

The consumers appear not to bave sgreed what level of quota te press fer, but most favour a figures well above the level mentioned by ths Brazilians.

Some European countries are keen to make eventual negetiations conditional on concessions by Brazil over the availahility of coffee through the year. There are complaints that the current system, which has traditionally split exports between qusrters of the coffee year, does not reflect genuine market demand.

Ths Minister devoted mnch of hls opening statement to the thorny question of sales by producers to non-members of the Internetional Coffee Agreement at discount prices.

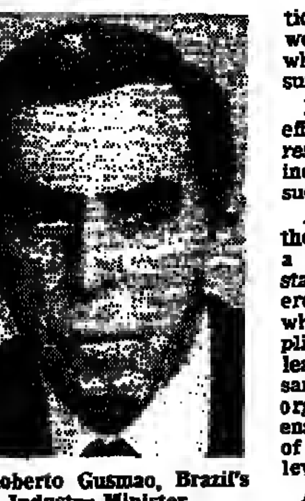
"Brazil bas always realised that It is unfair to require importing countries, wbo join hands with us in this unique venture of multilateral co-operation, to poy a higher price than countries wbo choose to remain outside the organisation. . . . More than a disgnosis, we need remedies fer a disease which threatens the very survival of the agreement."

Brazil intended to press fer effective application ef ICO resolntions against such sales, including penalties on offenders such as Indonesta.

As te what would happen lf the sbuses cootinued, he issued a further threat: "We cannot stand aside and watcb the erosien of eur share in markets where we are traditional suppliers if we find thal our colleagues are not applying the same standards, or should the organiseation prove unable te ensure the full implementation of decisions taken st councll level."

Asked at s Press conference last night wbat would happen if Indonesia decided to leave the Agreement as a result of possible sanctions, Sr Gusmao said: "If Indonesia wants to remove itself from the ICO, lt can do so. That is In'ionesla's decislon."

He also mads it clear that Brazil intends to resist demands by 16 other producers for an increased quota this year.



Sr Roberto Gusmao, Brazil's Industry Minister

U.S. sugar price under threat

BY NANCY DUNNE IN WASHINGTON

THE U.S. Department of Agriculture (USDA) could well find ltself with 903.8m lb of forfeited sugar on its hands st the end of this month as s result of new sugar quotas announced last Friday.

Although the Department announced a reduction in lts 1986 quoto from 2.4m short tons in 1985 to 1.72m short tons, the cut was less than is needed to maintain the U.S. sugar stabilisation price at 21.57 cents o pound in the face of declining domestic demand.

Sugar traders had expected the agriculture department to more than half lts currenl sugar quots to about 1m sbert tons. But high administratien efficials meeting at the White House Thursday afternoon, agreed to keep quotas higher than necessary, presumably to support prices in order to belp the economically distressed sugar producers of the Caribbean and to force Congress to make changes in the current sugar support programme.

As it was designed by Congress in 1981, the U.S. sugar loan support programme is not supposed to involve Government expenditures. The USDA gives production loans of 18 cents a pound to domestic sugar producers who moy then forfeit their crop if tbey can't repay

However, the Government is expecled to maintain prices higb enough to prevent forfeitures through the use of quotas and import fees. Only the Greal Western Sngar Company, lnvolved in bankruptcy proceedings, bas forfeited in the past. The Government then added its 254m pounds te its stocks and occasionally sells some on the demestic market.

With excess sugar in the domestic markel this year, the USDA bas bad difficulty maintalning the sugar stabilisation price al 21.57 cents a pound. Several prodncers have elready notified the Government that they may have to ferfeit on loans, worth more than $161m which come due en September 30.

The Administration's decision te keep the quota higher than domestic demand would justify is expected te force these forfeltures. Its actions, not surprisingly, brought plandits from the U.S. cane sugar refiners association, who issued a statement commending ths President for taking into consideration the interests of American consumers

The association is supporting an amendment to the 1985 Farm Bill which would reduce the 18 cents sugar support price hy one cent a year starting from 1986 and running through 1988. The amendment, to be introduced on the bouse floor by Congressmen Thomas J. Downey, a New Yerk Democrat, and Willis Gradison, Jr., sn Ohio Republican, would further reduce the price by cutting oul the cost ef transportatien as s factor to be considered in setting the sugar stabilisation price.

Though the U.S. move will tend to push demestic sugar prices downwards it is bullish for the world market, writes Our Commodities Staff. The news helped to lift the London daily raws price by $13.50 te a 21-month high ef $142.50 yesterday morning

Downturn in London copper stocks

By Stefan Wagstyl

OFFICIAL STOCKS of copper in London Metal Exchange warehouses fell last week for the first time since June.

But traders warned that it was too early to say whether or not the 4,200 tonne reduction to 209,150 tonnes indicated that a significant fall in stocks was on the way. The news bad little effect on copper prices.

Soms traders were cautiously optimistic that after a summer of poor consumer demand for copper there were signs of a slight increase in consumption.

Meanwhile, a 1,200 tonne fall in zinc stocks to 34,950 tonnes was welcomed as an indlcation of good, if patchy, demand.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending Sept. 13)

	(tonnes)
Aluminium	+4,800 to 188,875
Copper	−4,200 to 209,150
Lead	−200 to 35,000
Nickel	+240 to 5,228
Tin	−310 to 33,670
Zinc	−1,200 to 34,950
	(ounces)
Silver	+740,000 to 54,166,000

Medium grade tea firmer at London auction

By Our Commodities Staff

THE PRICE of medium grade tea firmed by 4p te 140p a kile at yesterday's weekly London auction. Quality grade was again unqueted and low medium was unchanged frem last week's sale at 108p a kilo.

There were 26,823 packages on offer, including 1,500 in the effshere section. The Tea Brekers' Association reported lmproved demand for African types with some gaining more than 5p a kilo. Ceylons were generally steady while offshore teas met good demand at firm to dearer levels.

This week's sale saw the first significant rise for some time in the medium grade tea price, which moved above ths 135p a kilo low poinl reached at the beginning of July for the first time st lasl week's auction.

Brazilian orange juice dispute escalates

BY ANN CHARTERS IN SAO PAULO

A DISPUTE between Brazilian orange growers and the processing industry has escalated with blockades spreading to 12 juice processing facillties in the interier ef Sao Paolo atate. The 12 plants affected produce 90 per cent of Brazil's erange juice exports.

Juice manufacturers clesed plants after citrus growers first set up blockades against a few installations earlier in the week. Growers ere protesting the industry's refusal te pay a Cruzeiros 20000 nel price per box of oranges with no discount.

Enough juice concentrate te meet export shipments through te the end of September is already at dockside storage ready for shipment, Senor Mario Bronco Peres, president of Abrassucos, the processors' association, said. But exports in October could be threatened, if the blockades continue as manufacturers cannot ship out frozen julce concentrates stered in their factories.

Caught in the midst of peak barvest time for eranges, the processors are paying migrant workers throegh lhis week even theugh they cannot plck the ripening crops. There is concern that if the impasse continues much longer, some oranges may he lost to ever-ripening and spoilage.

Once picking begins again, manufacturers require three days to place processing equipment in full eperation. Normally, the industry processes 20m to 25m boxes of oranges in the months ef September and October.

Export bonus confusion irks grain traders

CHICAGO — Confusion and uncertainty about the workings of ths U.S. Department of Agriculture's export bonus programme, plus the slowness of confirmation, has irked exporters and convinced many grain treders the programme will not boost exports ef U.S. grain, reports Reuter.

The grain trade was cautiously optimistic about the new export programme wben it was announced earlier this summer, hut the lack of new husiness has turned sentiment sour.

Last Friday Mr John Block, the U.S. agriculture secretary announced 175,000 tonnes of U.S. wheat flour had been sold to Egypt nnder the programme, but the trade has taken weeks to confirm.

In defence of 'artificial' nitrogen

Farmer's viewpoint by John Cherrington

ACCORDING to an ancient Encyclopaedia of Agriculture with whicb I started farmlng, Virgil was the first writer to nole the henefil to farming of the use of leguminous plants, naming in this case lupins and vetches, as a means ef raising fertility. Their effect is to fix nitrogen, the essential plant food, from the air, by bacterial action. But lbis understanding of course came much later, when science took the place of practics as the agent for farming progress.

Until then farmers knew, hy bearsay and traditien, that good wbeat crops would be grown after a clover pasture hsd been ploughed up, and that the use ef larmyard manure, and many waste products including such things as shoddy (waste woollen fibres), animal blood, horns aod so on did improve yields. There was also a theory, popular in my youth, that summer fallew was as good as a coat of dung. Obviously the nitrogen forming bacteria in the soil were able to store up a reserve ef fertility during this non-extrsctive period.

But reliance for food production on the natural nitrogen ferming activities inherent in all seils would never heve kept pace with population growth. So, since lhe early 19th century, the natural process has been speeded up, first by the importetion to Europe ef nitrates from Chile, then guano, basically the excreta of seabirds, from the same area. Both these could be termed natural fertilisers. Then sulphate of ammenia was develeped as a by product of coal gas.

The present source is the developmenl of the Haber-Bosch process of fixing nitrogen from the alr. This means that as long as fossil fuels exist there is virtually no limit to the amounl of nitrogen tbat can be made available, and at the moment, thanks to the surplus ef eil, prices are still comparatively low.

The use ef this so-called bag nitrogen is extensive worldwide; anywhere in fact where high yields are required either to support growing populations or enhance farming profits—nol always the same thing. But different countries' needs vary grestly. For instance the productivity of New Zealand grass land farming is dependent in nitrogen produced by wild wbite clover which boosts the growth of the predominantly rye grass pastures.

But in the West European latitudes clovers at present available do not seem to produce the ameunts needed fer optimum grass growth, probably because of the lower intensity of sunlight, and farmers have to supplement their natural nitrogen from a bag. If I sow a New Zealand grass mixture on my farm the clovers don't seem to work anything like as well and it has to be stlmulated with nitrogen. The Australlan wbeat farmer uses little bul naturally produced nitrogen from legumes and residues, but there the limiting factor is rainfall. And yields sre but a fraction ef those in Europe.

The critics of the EEC's Common Agricultural Policy have seized upon ths uss of nitrogen as ene ef the reasons for the EEC's chronic surpluses, and in this they are undoubtedly rigbt. Sbould there be a sudden and permanent cessation ef supply, forcing a reliance on what could be called natural resources, ie residues, clovers end so on, most farmers would not know what to do and output of almost every food could balve.

Some people suggest that nitrogen should bear a special tax so that output could be restricted to what the market would stand. This begs the question of how the farmers would manoeuvre their other costs in order to be eble to keep buying nitrogen. Then consider the ehjections te a system which effectively would add te the cost increases the CAP has already caused for the consumer.

But the objectors have other allies. The so-called organic lobby which claims that the use ef so-called artificial fertilisers is injurious to health. But I fail to see bow nitrogen er ammenia produced from air can be any less natural than that produced in the clover roots or from the residues of plants and other susbtances.

Cencern is also arising over an increase in nitrale levels in water supplies. Here the evidence is confusing. The amounts feund in water may bave come from a variety of sources other than bag nitrogen, such as decaying plant residues or slurry, and ths amounts would vary with the residues left over in the soil after ths crop has grown. The two diseases associated with nitrates bave been the "blue baby" syndrome and gastric cancers. But no evidence has been found to relate the few cases of ths former with drinking water.

The incidence of gastric cancer bas been declining throughout the UK and a recent study by ths Radcliffe Infirmary in Oxford showed that areas with ths higher nitrate intake in water supplies actually shewed a bigger decline in this type of cancer. But this report points out that adults normally get as much of thelr nitrate from foods such as vegetables, milk and cured meats as from drinking water.

In Britain there are limits on nitrates in water supplies with a recommended concentratien of less than 50 mg nitrate per litre and an acceptable level of between 50 mg and 100 mg per litre. The EEC, however, has now introduced a directive en ths quality of drinking water which bas effectively balved these limits. This, when implemented, will cost the waler authorities a great deal of meney.

The point to bear in mind here is thst there is no evidence to connect even the increase in water supply nitrates with fertiliser nitrogen as against that from other seurces. It is also the case that the leakage of nitrate into the subsoil depends entirely on the amount left over after growing the crop and the variations of the annual ralnfall. Bother al present uncontrollable factors.

LONDON MARKETS

COCOA PRICES on the London futures market were boosted in early trading yesterday reflecting the New Yerk market's firm tone en Friday night. The December position reached £1,796 a tonne at one stage but was trimmed back later, profit-taking and light trade selling influenced by sterling's firmness against the dollar. December cocoa ended the day only £7.50 up en balance at £1,783.50 a tonne. Dealers said there was minimal impact from the Brazil's Bahia cocoa review which said bean deliveries were coming in at normal pace and the crop would probably reach the predicted 3m bags (60 kilos each), or possibly a little more. Concern about the impact of adverse weather on the Bahia crop has been one of the factors underpinning cocoa values of late.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	729.5-305	−9.75	732/731.5
3 months	752.5-3	−9	757/751

Official closing (am): Cash 731.5-2.5 (735-6), three months 755-.5 (757.5-8), settlemenl 732.5 (736). Final Kerb close: 752-2.5. Turnover: 35,950 tonnes.

COPPER

INDICES

FINANCIAL TIMES

Sep. 13	Sep. 12	M'th ago	Year ago
253.93	253.98	252.87	292.15

(Base: July 1 1952 = 100)

REUTERS

Sep. 13	Sep. 12	M'th ago	Year ago
1725.1	1740.7	1705.2	1865.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Sept. 13	Sept. 12	Month ago	Year ago
Spot	111.79	111.52	—	126.23
Fut.	115.24	113.04	—	130.16

(Base: December 31 1974 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Sept 16 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1010/35	−10	$1050/70
Copper			
Cash h Grade	£1028.5	−0.5	£999.6
3 mths	£1048.5	−0.75	£1026.25
Gold Troy oz	$320	−0.75	$338
Lead Cash	£299.5	+5.0	£291.5
3 mths	£303.5	+2.0	£294.5
Nickel			
Free Mkt	211/231c		222/242c
Palladium oz	$98.50	+0.15	$108.60
Platinum oz	$310.50	−2.85	$332.0
Quicksilver†	$290/300		$290/300
Silver troy oz	450.85p	−2.70	456.20p
3 months	463.60p	−2.35	468.60p
Tin cash	£9167.5	−3.5	£9087.5
3 months	£9110.5	−11.5	£9050.5

U.S. MARKETS

PRECIOUS METALS were steady with support from a weaker dollar being offset by the uncertainty surroundlng oil prices, reports Heineld Commodities. Copper and aluminium were featureless the lowering of U.S. economic prospects. The smaller than expected cut in U.S. import quotas helped firm sugar values, particularly in the deferred positions. Cocoa remained steady despite forecasts that the temporao crop in Brazil would reach 3m bags. Coffee firmed on light short-covering as the International Coffes Organisation meeting get underway. Congress's possible restriction of textile imports along with low exchange stocks firmed cotton values. The energy complex weakened in respense to reports that Saudi Arabia would increase eil production and lower prices. The grain complex firmed with maize showing sharp gains in response to unconfirmed reports of large Russian purchases. Soyabeans also attracted sympathetic buying in line with the granl complex along with limited country movements which encouraged commercial short-covering.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lbs

	Close	High	Low	Prev
Sept	43.20	43.05	42.95	43.25
Oct	43.50	—	—	43.55
Nov	43.90	—	—	43.75
Dec	44.25	44.25	43.90	44.30
Jan	44.80	—	—	44.70
March	45.35	45.40	45.20	45.45
May	46.05	—	—	46.15
July	46.75	—	—	46.85

LEAD

NICKEL

TIN

ZINC

GOLD

SILVER

FREIGHT FUTURES

COCOA

COFFEE

GRAINS

MEAT

COTTON

POTATOES

SOYABEAN MEAL

SUGAR

RUBBER

CHICAGO

OIL

SPOT PRICES

GAS OIL FUTURES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gives up early gains

The dollar lost its early gains on the foreign exchanges, to finish weaker after a fairly quiet day. The initial upward move was an adjustment, after Friday's sharp late fall following disappointing figures on U.S. retail sales and industrial production. Yesterday's economic figures were relatively unimportant, but again disappointing as far as the market was concerned, as attention focused on this Friday's flash estimate of third-quarter U.S. gross national product, and the revised second quarter figure. After last week's figures forecasts for third-quarter GNP are now probably nearer 3 per cent growth than 4 per cent, compared with the last second-quarter revision of 2 per cent.

According to yesterday's figures factory use was at 80.5 per cent of capacity in August, against a figure revised down to 80.4 per cent in July from 80.8 per cent. Business inventories were unchanged in July, and the second quarter current account deficit was the second highest on record, at $31.81bn, compared with a first quarter revised to $30.33bn from $30bn.

The dollar fell to DM 2.8840 from DM 2.8990; FFr 8.7875 from FFr 8.8450; SwFr 2.3820 from SwFr 2.39; and Y241.35 from Y241.95.

On Bank of England figures, the dollar's index fell to 140.8 from 141.0.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. August average 1.3838. Exchange rate index fell to 80.8 from 81.0. It opened at 80.7, and fell to a low of 80.5 at 10 am, before closing at the day's peak.

Sterling suffered a little from nervousness about oil prices but recovered towards the close against a weakening dollar. After touching a low of $1.3245 the pound finished 20 points up on the day at $1.3425-1.3435. It held steady for most of the day, after showing early losses against other major currencies, falling to DM 3.8725 from DM 3.8875; FFr 11.80 from FFr 11.86; SwFr 3.20 from SwFr 3.2050; and Y324 from Y324.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7936. Exchange rate index 124.9 against 118.4 six months ago.

The D-mark eased slightly against the dollar after a lacklustre day. The U.S. currency rose to DM 2.90875 from DM 2.8950. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 2.9158 compared with DM 2.9190 on Friday. Reasonable commercial orders during the morning pushed the dollar off the day's low of DM 2.8820, but it closed below the fixing level, showing no reaction to U.S. second-quarter current account figures. Trading was relatively thin, with dealers reluctant to open new positions amid uncertainty about the strength of the U.S. economy. The firm undertone in the morning was helped by a settlement date yesterday in the currency options market. Sterling's decline at the fixing was reported to be the result of speculation about lower oil prices. The pound fell to DM 3.8750 from DM 3.8970.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0009	+0.38	+0.74	±1.5425
Danish Krone	8.12857	8.06384	−0.80	−0.44	±1.6421
German D-mark	2.23840	2.22836	−0.45	−0.09	±1.1455
French Franc	6.86402	6.79189	−1.05	−0.69	±1.3654
Dutch Guilder	2.52208	2.50328	−0.75	−0.39	±1.5182
Irish Punt	0.724578	0.716106	−1.17	−0.81	±1.6673
Italian Lira	1520.60	1491.86	−1.89	−1.89	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

		Sept 16	Previous
8.30 am	......	80.7	80.8
9.00 am	......	80.6	81.1
10.00 am	......	80.5	81.3
11.00 am	......	80.6	81.0
Noon	......	80.7	81.2
1.00 pm	......	80.8	81.2
2.00 pm	......	80.6	81.4
3.00 pm	......	80.7	81.2
4.00 pm	......	80.8	81.0

£ IN NEW YORK

	Sept. 16	Prev. close
£ Spot	$1.3460-1.3480	$1.3390-1.3400
1 month	0.38-0.34 pm	0.38-0.34 pm
3 months	1.05-1.00 pm	0.95-0.93 pm
12 months	2.80-2.70 pm	2.55-2.45 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3245-1.3480	1.3425-1.3435	0.39-0.36c pm	3.35	1.04-0.99 pm	3.02
Canada	1.8240-1.8490	1.8446-1.8450	0.38-0.36c pm	2.41	1.03-1.00 pm	2.20
Nethlnd.	4.33-4.37½	4.36½-4.37½	2½-1⅞c pm	6.49	6⅞-5¾ pm	8.43
Belgium	77.86-78.64	78.05-78.15	20-13c pm	2.54	50-37 pm	2.23
Denmark	13.95½-14.08¼	14.07¾-14.08¾	3¼-2⅞ore pm	2.72	9¼-8⅞ pm	2.43
Ireland	1.2407-1.2500	1.2446-1.2456	0.25-0.10p pm	1.69	0.63-0.39 pm	1.64
W. Ger.	3.85¾-3.88¼	3.86¾-3.87¾	2⅞-2⅞pf pm	3.97	6⅞-6⅞ pm	6.66
Portugal	229½-234	231-234	65-405c dis	−12.13	415-1415dis	−15.74
Spain	228-229¾	228¾-229¾	par-40c dis	−1.05	25-130 dis	−1.36
Italy	2582¾-2614¾	2607-2609	1lire pm-4 dis	−0.69	5-12 dis	−1.30
Norway	11.26½-11.38¾	11.33½-11.34½	¾-1ore dis	0.66	2¾-3¾ dis	−1.10
France	11.75¾-11.85	11.79½-11.80½	2½-1¾c pm	1.72	4⅞-3 pm	1.25
Sweden	11.33½-11.42½	11.41-11.42	3¾-4ore dis	−3.88	9¾-10⅞ dis	−3.57
Japan	320¾-324½	323½-324½	1½-1¼y pm	6.09	4⅞-3⅞ pm	4.94
Austria	27.10-27.28	27.22-27.26	14¾-13¾gro pm	6.14	42½-38½ pm	5.89
Switz.	3.17½-3.20½	3.19½-3.20½	1¾-1⅝c pm	3.56	5½-5¼ pm	6.64

Belgian rate is for convertible francs. Financial franc 78.45-78.55. Six-month forward dollar 1.80-1.75 cpm, 12-month 2.80-2.65 cpm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 13: UK†, Ireland†, Canada, Nethlnd., Belgium, Denmark, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz. [illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.40-58.50.

OTHER CURRENCIES

Sept 13	£	$		£ Note Rates
Argentina Austl.	1.0630-1.0660	0.8000-0.8010	Austria	27.00-27.30
Australia Dollar	1.9606-1.9645	1.4735-1.4750	Belgium	78.00-78.80
Brazil Cruzeiro	9,897-9,942	7,440-7,476	Denmark	13.91-14.05
[illegible]				

* Selling rate.

Rand Financial Rate: 2.5640-2.6315 ($) and 3.4100-3.5000 (£)

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

[illegible]

* CS/SDR rate for September 13: 1.39398

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven days 7⅞-8 per cent; one month 8⅛-8¼ per cent; three months 8⅛-8⅜ per cent; six months 8¼-8⅜ per cent; one year 8⅜-8⅞ per cent. Long-term Eurodollars: two years 9⅝-9¾ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates slightly firmer

UK interest rates rose slightly from Friday's levels as sterling showed a weaker trend. Trading was rather quiet for much of the day however despite a considerable shortfall between the authorities' published forecast and the level of assistance given. Overnight interbank money touched 13½ per cent, having opened at 11¾-11⅞ per cent. Three-month funds were quoted at 11⅝-11¾ per cent from 11 9/16-11¾ per cent while three-month eligible bank bills were bid at 11 7/16 per cent, unchanged from Friday.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £706m and Exchequer transactions a further £435m. In addition banks brought forward balances £50m below target. These were partly offset by a fall in the note circulation which added £320m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £126m and comprised purchases of £6m of eligible bank bills in band 1 (up to 14 days) at 11⅝ per cent, £108m in band 2 (15-33 days) at 11 9/16 per cent, £8m in band 3 (34-63 days) at 11½ per cent and £4m in band 4 (64-91 days) at 11 7/16 per cent. Further help was given in the morning through purchases of £153m of bills, £6m of eligible bank bills in band 1 at 11⅝ per cent, £94m in band 2 at 11 9/16 per cent, £39m in band 3 at 11½ per cent, and £14m in band 4 at 11 7/16 per cent.

The forecast was later revised to a shortage of around £750m, before taking into account the early help and the Bank gave additional assistance in the afternoon of £214m. This was made up of £15m of eligible bank bills purchased in band 1 at 11⅝ per cent and £161m in band 2 at 11 9/16 per cent. In band 3 it bought £1m of Treasury bills and £33m of eligible bank bills at 11½ per cent and in band 4 £1m of local authority bills and £3m of eligible bank bills all at 11 7/16 per cent. Late assistance came to £25m, making a total of £518m.

UK clearing banks base lending rate 11½ per cent since July 30.

MONEY RATES

Sept. 13	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.45-4.55	9¼	1⅛-1⅜	5¾-5 15/16	6.34375	14⅛-14⅜	10.10	—
One Month	4.6-4.7	9⅝-9¾	4⅛-4⅝	5¾-5 15/16	6.46875	13⅞-14	9⅞-9⅛	9½-9⅞
Two Months	4.3-4.7	9⅝-9¾	—	—	—	—	—	9¾-10
Three Months	4.6-4.7	9 11/16-9 13/16	4 7/16-4 9/16	5¾-5⅞	6.40625	13⅞-14¼	9⅛-9⅜	9⅞-10⅛
Six Months	4.60-4.75	9 13/16-9 15/16	—	5 13/16-5 15/16	—	—	9⅛-9¾	10-10¼
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅛	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 16 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)
Overnight	—	11⅛-13½	11¼-11½	11⅝-11¾	11½-13	—
2 days notice	—	—	11⅛	—	—	—
7 days or	—	—	—	—	—	—
7 days notice	—	11⅝-11⅝	11¼	11⅝-11¾	11½-11⅜	—
One month	11 9/16-11½	11½-11⅝	11½	11¾	11⅝	11⅛
Two months	11 9/16-11½	11½-11⅝	11½	11¾	11½	11½
Three months	11 9/16-11 7/16	11½-11⅝	11½	11¾	11⅛	11⅛
Six months	11 7/16-11 7/16	11⅞-11½	11⅝	—	—	—
Nine months	11⅛-11	11¼-11 7/16	11¼	—	—	—
One year	10 9/16-10 15/16	11¼-11 13/16	11	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12	—	11⅛	7.9-8.0	7⅝-7⅞	8 1/16-8 3/16
Two months	12	—	11⅛	8.0-8.1	7 11/16-7 13/16	8⅝-8⅛
Three months	11⅞	—	11½	8.1-8.15	7¾-8	8⅛-8⅝
Six months	11¼	—	11¼	8.25-8.35	7½-8 1/16	8 1/16-8 3/16
[illegible]						

ECGD Fixed Finance Scheme IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 8¼-8 9/16 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11⅛ per cent; nine-12 months 11⅛ per cent. Under £100,000 10¼ per cent from September 12. Deposits held under Series 5 11¼ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate, Broker loan rate, Fed funds, Fed funds at intervention, Treasury Bills, Treasury Bonds [illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 16)

3 months U.S. dollars: bid 8 1/16 — offer 8 3/16

6 months U.S. dollars: bid 8 7/16 — offer 8 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Prices recover

Prices recovered from a mostly weaker start in the London International Financial Futures Exchange yesterday, encouraged by renewed buying after the opening of U.S. markets. U.S. bonds and Euro-dollars opened around Friday's closing levels, while sterling-based instruments were marked down on sterling's initial weakness, amid further speculation on the possibility of lower oil prices.

However, U.S. traders came in as buyers of dollar contracts and this in turn helped gilts and short sterling to recover. The afternoon recovery was helped by disappointing U.S. capacity utilisation figures, with thin trading due to a Jewish holiday tending to exaggerate market reaction. After opening at 91.42 the December Euro-dollar contract rose to finish at 91.48, up from 91.35.

The December gilt contract improved in the afternoon after opening at 111-10 from 111-13. It broke through an important chart point at 111-16 and finished at 111-19. The afternoon recovery was also helped by sterling's firmer trend towards the close, itself a reaction to the dollar's retreat later in the day.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	91.48	91.49	91.42	91.35
March	91.12	91.10	91.06	90.90
June	90.75	90.78	90.73	90.63
Sept	90.46	90.40	90.40	90.30
Dec	90.13	90.05	90.05	89.98
March	89.82	—	—	89.64
June	89.55	—	—	89.36

Est volume 2,777 (3,836). Previous day's open int 17,865 (18,640)

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-45	97-48	97-34	97.39
March	97-60	—	—	97.64

Est volume 902 (1,231). Previous day's open int 642 (623)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	132.55	132.85	131.65	132.76
March	131.80	—	—	132.00
June	131.25	—	—	131.55

Est volume 121 (112). Previous day's open int 2,889 (2,895)

THREE-MONTH STERLING, FT-SE 100 INDEX, 20-YEAR 12% NOTIONAL GILT, U.S. TREASURY BONDS, DEUTSCHE MARKS, SWISS FRANCS, JAPANESE YEN, STERLING (IMM), GNMA (CBT) [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%; U.S. TREASURY BILLS (IMM) $1m points of 100%; CERT. DEPOSIT (IMM) $1m points of 100%; THREE-MONTH EURODOLLAR (IMM) $1m points of 100% [illegible]

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £. Quiet day's trading in steady to slightly easier cash market.

Eurodollar Future—points of 100%. Eurodollar rates remained steady with U.S. data awaited on Friday.

	Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
Sterling Currency	275	60	5843	5665
Eurodollar Future	40	0	669	683

For full details of settlement prices call: Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 16, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	92.00
Albania	Lek	10.1980
Algeria	Dinar	(A)6.70
Andorra	French Franc	11.80
	Spanish Peseta	229.50
Angola	Kwanza	38.8536
Antigua	E. Caribbean $	3.59
Argentina	Austral	1.0540
Australia	Australian $	1.9626†
Greenland	Danish Kroner	14.0775
Grenada	E. Caribbean $	3.62
Guadaloupe	Local Franc	11.80
Guam	U.S. $	1.3430
Guatemala	Quetzal	1.3430
Guinea	Syli	32.40
Guinea-Bissau	Peso	126.79
Guyana	Guyanese $	5.3150
Peru	Sol	exc(A)18,588.5
Philippines	Philippine Peso	23.70
Pitcairn Islands	£ Sterling / New Zealand $	2.5308
Poland	Zloty	203.49
Portugal	Portuguese Escudo	233.30
Puerto Rico	U.S. $	1.3430
[illegible]		

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101	99	Exch. 12¼pc 1985	99	.....	[illegible]	11.68
101	99	Exch. 11¼pc '86	100¼	.....	[illegible]	11.26
99	97	Treas. 10pcCnv 1986	99	+	[illegible]	11.18
96	92¼	Treas 3pc 1986	96	.....	[illegible]	9.26
100	97½	Exch. 10½pc Cv '86	99½	.....	[illegible]	11.19
101⅞	99⅛	Treas 12pc 1986	100⅝	.....	[illegible]	10.90
98	94¼	Treas 8¾pc 1984-86‡‡	98	.....	[illegible]	10.81
105	102	Exch. 14pc 1986	103	.....	[illegible]	10.99
94	[illegible]	[illegible] 2½pc 1986	94¼	.....	[illegible]	7.67
104	101	[illegible] 13¼pc 1987	102	.....	[illegible]	10.85
99	[illegible]	Treas 10¼pcCv '87	99¼	.....	[illegible]	10.77
92	[illegible]	[illegible] 2½pc 1987	92	.....	[illegible]	7.87
100	[illegible]	[illegible] 10½pc 1987	99¼xd	.....	10.53	10.71
94½	89	Funding 6½pc '85-87‡‡	94	−	6.91	10.56
99	[illegible]	Treas. 10pc 1987	98¾	.....	10.13	10.76
91	[illegible]	Treas 3pc 1987	91	+⅛	3.32	8.56
102	[illegible]	Treas 12pc 1987	102	.....	11.76	10.86
95	[illegible]	Treas 7¾pc 1985-88‡‡	94¾	.....	8.18	10.27
99	[illegible]	[illegible] 10½pc '88	99	+	10.56	10.72
97	[illegible]	Treas 9¼pc Cv '88	97	+	9.99	10.77
86½	80	Transport 3pc '78-88	86½	.....	3.48	8.70
96	91½	Treas. 9½pc '88	96	+	9.84	10.81
102¼	97½	Treas 11½pc 1989	102	+	11.27	10.76
96¾	90½	Treas 9½pc Cnv. '89	96¼xd	+	9.87	10.81
82½	79	Treas 3pc 1989	82½	.....	[illegible]	8.68
99	94	Treas 10½pc 1989	99	+	[illegible]	10.75
98	92	Exch. 10pc 1989	97	+	[illegible]	10.81
101¼	95	Exch 11pc 1989	100xd	+	[illegible]	10.79
85¾	79	Treas 5pc 1986-89	85¼xd	.....	[illegible]	9.29
108	103	Treas 13pc 1990‡‡	107	.....	[illegible]	10.66
101	96	Exch 11pc 1990‡‡	100	+	[illegible]	10.74
108¾	100¼	Exch. 12½pc 1990	106¼xd	+	[illegible]	10.77
77	75¾	Treas. 3pc 1990	77¾	−	[illegible]	6.97
95	87¾	Treas 8¼pc 1987-90‡‡	92	+	[illegible]	10.40

Five to Fifteen Years

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	91¾	Treas. 10pcCv 1990	100¼	+½	10.37	10.88
[illegible]	97¾	Treas 11¾pc 1991	105¼	+½	11.35	10.83
[illegible]	80	Funding 5¾pc '87-91‡‡	85xd	+½	6.75	9.20
[illegible]	95	Exch. 11pc 1991	105	+½	10.94	10.84
[illegible]	101⅝	Treas 12¾pc 1992‡‡	110½	+½	11.73	10.78
[illegible]	88⅝	Treas 10pc 1992	97⅜	+½	10.33	10.67
[illegible]	94¼	Treas 10½pc Cv 1992‡‡	102⅝	+½	10.63	10.75
[illegible]	98¾	Exch. 12¼pc '92	107¼	+½	11.53	10.91
[illegible]	105	Exch 13½pc 1992	112xd	+½	12.04	16.97
[illegible]	101¼	Treas 12½pc 1993‡‡	110½	+½	11.55	10.89
[illegible]	74⅞	Funding 6pc 1993‡‡	81xd	+½	7.41	9.44
[illegible]	109¼	Treas 13¾pc 1993‡‡	119⅞	+½	11.96	10.91
[illegible]	111¼	Treas 14½pc 1994‡‡	120¼xd	+½	12.08	10.82
[illegible]	108⅝	Exch 13½pc 1994	119⅝	+½	11.86	10.96
[illegible]	100⅛	Exch. 12½pc 1994	109¼	+½	11.49	10.92

Over Fifteen Years

Undated

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HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	Malamet Hldgs 10p	48		—	—	—	φ
390	202	Man Ship Can. £1	382		5.5	3.5	2.1	20.1
104	70	Marley	86		3.75	2.2	6.2	10.4
107	52	Marling Ind 10p	99		d1.5	5.1	2.2	12.6
80	36	Marshall C'vy. 'A'	80		2.4	4.9	4.3	5.7
77	37	Marshall's Universal	60		2.0	1.4	4.8	19.0
86	70	Do. 7½pcCvRedPf £1	82		7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
£99	£81	Mathesons 7¾%	£99		Q7¾%	2.1	f7.9	—
35	22	Manuprint 1p	22		—	—	—	—
510	375	Metal Box £1	495	−3	17.25	3.1	5.0	7.4
170	110	Metal Closures	114xd		6.7	2.0	8.5	7.0
17	3	Metal Sciences 2½p	6		—	—	—	—
104	73	Midland Marts	80		4.0	2.1	7.1	9.6
89½	55½	Mitchell Cotts	58½	+1	t4.0	1.2	9.8	8.4
230	102	Morgan Crucible	191		t8.0	1.6	6.0	11.3
32½	22	Morris (W) F.A. 20p	32½		t0.5	φ	2.2	φ
116	91	Moss (Robt.) 10p	115		3.0	2.5	3.7	12.7
81	64	Myson Grp 10p	64		q2.5	3.4	5.6	12.2
328	214	NMW Computers	260	+5	t4.8	2.7	2.6	20.0
43	28	Nash Inds	32		t2.5	1.5	‡	7.4
48	16	Neil & Spencer 10p	17	+1	φ	—	—	5.1
44	14½	Newman Inds 20p	36		—	—	—	(17.8)
41	26	Noltee	39		t1.17	4.5	4.3	7.5
189	146	Norcros	183		8.6	2.2	6.7	9.1
67	48	Nu-Swift 5p	50		3.0	1.6	8.6	9.6
113	68	Oakwood Grp	107		t4.5	1.4	6.0	(13.7)
250	150	Office & Elect	246	−1	7.5	2.4	4.4	13.5
100	75	Oldacre 20p	75		4.0	2.6	7.6	6.7
30	37	Optometrics $0.01	50		Q2c	—	3.1	—
495	312½	Oriflame £1	450		23.4	1.0	5.2	10.7
10	10	Owenstone 12½c	10		Q3.23c	1.9	9.6	5.5
£192	£158	Ozalid 9pc Cnv 87-92	£190		Q9%	—	—	—
185	105	PCT Grp 10p	135		3.2	2.2	5.8	16.3

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
202	170	Chrysalis	200	+2	5.6	2.6	4.0	13.0
52	7	Entertain Prod 5p	15xd	−2	bd2.25	2.1	21.3	2.6
78	50	Fairline Boats 10p	74		t2.63	2.6	5.1	10.5
326	228	First Leisure £1	323	+1½	t6.5	2.8	2.9	15.1
69	51	GRA Group 5p	61	+1	—	—	—	21.4
32	25	Grampian TVA 10p	20		h1.67	φ	8.5	φ
155	117	HTV Non/Vtg.	153		b7.0	2.9	6.5	6.9
148	95	Horizon	100		b4.4	3.6	6.5	4.5
184	90	Insight	146xd	+5	t2.5	6.5	2.4	9.0
For Intasun see International Leisure								
140	102	Intl Leisure 10p	130		4.8	3.1	5.3	7.1
232	167	Juliana's Hldgs 2p	167		2.0	1.8	1.5	27.5
100	217	LWT	292		14.4	2.3	7.0	8.8
30	25	Leisure Inv 10p	28		—	—	—	4.9
65	53	Leisuretime Inc 10p.	56		t2.1	3.9	5.4	6.0
For Mngmt. Ag. M see Chrysalis								
181	153	Media Tech Int 20p.	180xd	+1½	q2.58	φ	2.0	φ
205	124	Meadmaster 10p	198		t4.85	2.6	3.5	11.3
280	175	Miss World 10p	215		3.6	4.1	2.4	14.7
127½	70	Nationwide Leisure	80xd	−1	13.75	2.5	6.7	7.1
39	15	Nimslo Int 20c	21	+1	—	—	—	—
25	19½	Owners Abroad	24		1.0	2.2	6.0	10.7
53	38	Photax (Lon.)	43	+1	—	—	—	—
24½	20	P'dilly Radio NV 5p.	21½		1.07	1.1	12.5	10.6
90	30	Pineapple Dnc St 10p	42	+2	d1.5	1.2	5.1	22.6
285	183	Pleasurama 5p	285	+2	t4.6	3.7	2.3	16.9
142	109	Do. 7pcCvCnvRedPf	142		7%	—	7.0	—
96	77½	Pres Entertain 50p.	92	−½	N2.0	2.1	3.1	21.7
65	27	Radio City 'A' NV	27		t5.6	0.9	‡	5.4
55	42	Radio Clyde N/V	45		3.25	2.0	10.3	6.6
63	34	Riley Leisure 10p	47		0.7	—	2.1	—
193	143	Saga Hols. 20p	183		t4.0	2.1	3.1	19.5
300	100	Sameuelson Grp 20p	260		1.8	φ	1.0	φ
42	25	Saugers Photo 10p.	30		2.0	1.9	9.5	7.8
202	138	Scantro 50p	270		q3.68	2.6	3.1	16.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 8 No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. H Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. W Dividend and yield based on prospectus or other official estimates for 1985-86. M Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. O Gross. 7 Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	49	......	Arnott	193	+5
Craig & Rose £1	700	......	CPI Hldgs	62	......
Finlay Pkg. 5p	65	......	Carroll Inds.	138	......
Higsons Brew	235	......	Dublin Gas	73	......
Holt (Jos) 25p	720	......	Hall (R. & H.)	68xd	+1
IoM Stm. £1	98	......	Helton Hldgs.	23	......
IRISH			Irish Ropes	46	......
Fund 11¾% 1988	£101½	......	Jacob (W & R.)	80	−3
Nat. 9¾% 84/89	£97¼	......	Unidare	109	−1
Fin. 13% 97/02	£107	......			

"Recent Issues" and "Rights" Page 40
(International Edition Page 42)

LONDON STOCK EXCHANGE

MARKET REPORT

British Aerospace feature in otherwise drab equities

FT index down 4.2 at 1,007.7

Account Dealing Dates			
Option			
*First Dealings	Declarations	Last Dealings	Account Day
Sept 2	Sept 12	Sept 13	Sept 23
Sept 16	Sept 26	Sept 27	Oct 7
Sept 30	Oct 10	Oct 11	Oct 21

* "New-time" dealings may take place from 3.30 am two business days earlier.

For the first session of the new trading Account, equity business was moderate and largely confined to aerospace and kindred issues following weekend news of the proposed UK Saudi Arabian military aircraft contract.

British Aerospace were particularly buoyant on the probable deal and dealers reported hectic buying activity in the shares even well before the official market opening at 9.30 am. Thereafter, demand continued and BAe eventually closed 33 higher on balance at the day's best of 405p xd. Dowty, Smith Industries and Lucas were other defence stocks to show to good advantage.

Elsewhere, however, the picture was fairly drab as oil price uncertainties resurfaced to deter potential investors, while the Jewish New Year holiday and adverse comment on short-term interest rate trends also served to dampen market sentiment.

The oil sector, already disturbed by the prospect of Saudi Arabia selling cut-price oil to four U.S. groups and Japan's *Mitsubishi*, received another shock from the warning by Sheikh Yamani at the Oxford Energy Seminar on Friday that Saudi Arabia could be prepared to allow oil prices to fall to $15 to $18 a barrel next spring if a crude oil price war erupts.

Dealers also expressed concern over the prospect of falling prices in the run-up to the next full meeting of OPEC oil ministers scheduled for October 3.

Leading Oils were marked down sharply at the outset of trading but little in the way of further selling pressure was reported. BP ended the day 11 lower at 532p, while Shell closed a net 15½ lower at 675p ex-dividend.

Blue Chip industrials generally drifted lower. The FT Ordinary share index closed 4.2 lower at 1,007.7, after showing a fall of 7.4 at the 11.00 am calculation. Index constituent Plessey were a weak feature, falling 6 to 138p on *revived fears of the group* losing out to French competitors in the race for a lucrative U.S. defence contract; de Zoete and Bevan's downgraded profits forecast also depressed the shares.

The Government's surprise announcement of a $2bn floating rate issue in the Euromarket prompted considerable debate in the Government securities market but little in the way of actual business. *Longer-dated stocks* were marked up around ¼ or so on the news, but started to drift on the absence of follow-through demand, while short-dated stocks remained at pre-weekend levels.

After-hours' business was transformed as the *Government* Broker established Conversion *9¾ per cent* 2001 as a tap and was on and a flat 95¾. Following late demand, long dated gilts closed with gains ranging to ⅜.

Clearers easier

International debt worries continued to deter potential buyers of the major clearing banks. Consequently, quotations drifted lower with Barclays closing 7 down at 378p and Lloyds 8 off at 405p. NatWest softened a few pence to 642p, after 640p, and Midland lost the turn to 392p, after 390p. Elsewhere, Standard Chartered gave up 5 to 433p.

Insurances were mixed. Legal and General fell 12 more to 653p on nervous offerings ahead of tomorrow's interim results, while Prudential cheapened 7 at 678p.

Leading Building issues displayed *small irregular* movements following a quiet trade. Tarmac slipped 4 to 338p following uninspiring first-half results, but Blue Circle attracted *occasional buying interest* and improved 5 to 505p.

ICI fluctuated narrowly and settled 3 cheaper at 664p, after 660p. Elsewhere in the Chemical sector, *Wolstenholme Rink* featured with a fall of 22 to 263p following disappointing interim figures. Brent Chemicals were unaltered at 132p in the wake of half-year results.

Mail-orders wanted

Leading Stores recovered initial losses to finish with modest gains in most cases. J. Hepworth, 226p, and Raybeck, 35p, both eased a couple of pence on further reflection of Friday's property deal. Mail-order issues attracted buyers ahead of the forthcoming dividend season. Freemans, interim results expected next Monday, *put on 6 to 284p, while Grattan*, preliminary results due Thursday week, advanced 8 to 318p. Empire hardened 4 to 144p. Occasional offerings left Tern 3 off at 46p and *Bentalls* 4 cheaper at 98p, but a newsletter recommendation lifted Top Value (formerly Arthur Henriques) 16 to 72p.

Nervousness in Plessey over the Ptarmigan military communications contract was mirrored by sub-contractor STC which dipped to 86p before settling 4 off on balance at 88p. Other leading Electricals were resilient and showed scant alteration. Elsewhere, favourable comment prompted a lively business in Real Time Controls which spurted to 60p before closing a net 8 up at 53p. Ferranti, the subject of "call" option business, hardened a couple of *pence to* 118p, after 120p. Other high-technology issues gave ground, however. Apricot Computers remained unsettled by the company's profits warning and shed

FINANCIAL TIMES STOCK INDICES

	Sept. 16	Sept. 13	Sept. 12	Sept. 11	Sept. 10	Sept. 9	year ago
Government Secs	83.15	83.94	83.74	83.79	82.72	83.58	79.27
Fixed Interest	88.33	88.33	88.14	88.15	88.13	88.25	83.22
Ordinary ♥	1007.7	1011.9	1014.0	1006.5	1006.8	1020.5	859.0
Gold Mines	317.4	317.3	323.9	309.3	304.1	312.9	509.7
Ord. Div. Yield	4.72	4.71	4.68	4.70	4.69	4.65	4.87
Earnings, Yld. % (full)	11.58	11.54	11.51	11.53	11.52	11.36	11.60
P/E Ratio (net) (*)	10.70	10.73	10.76	10.74	10.75	10.90	10.36
Total bargains (Est.)	21,429	23,742	20,596	21,310	22,430	22,306	16,551
Equity turnover £m.	—	530.65	370.48	405.33	408.95	386.46	250.22
Equity bargains	—	21,556	16,855	17,488	12,476	20,306	16,359
Shares traded (ml)	—	245.7	169.9	187.5	202.3	127.8	124.8

♥ 10 am 1006.4. 11 am 1004.5. Noon 1004.8. 1 pm 1005.5. 2 pm 1006.1. 3 pm 1006.5. 4 pm 1006.8.

Day's High 1009.0. Day's Low 1004.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activities 1974.

Latest Index 01-246 8026.

* Nil = 10.31.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.81 (23/8)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.2 (15/4)	290.1 (21/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Sept. 13	Sept. 12
Daily		
Gilt Edged Bargains	114.7	112.4
Equities Bargains	138.4	109.8
Equities Value	1072.6	748.8
5 day Average		
Gilt Edged Bargains	125.5	128.1
Equities Bargains	124.1	122.3
Equities Value	849.5	822.7

a few pence to 75p. Micro Focus were a late casualty, closing 20 off at 140p.

Simon featured Engineerings; up to 234p in early trading, the shares fell sharply to close a net 14 down on balance at 212p following interim profits well below market expectations. Ransomes Sims, on the other hand, put on 6 to 133p in the wake of the better than expected half-year results. Elsewhere, Press comment encouraged good demand for Brown and Tawse, 9 firmer at a year's high of 170p, Linread, 4 up at 50p, ex-dividend, and Blackwood Hodge, 2 harder at 35p.

Rowntree Mackintosh came under early selling pressure and dipped to 363p before closing just a couple of pence cheaper on balance at 368p; the half-year figures are expected on Thursday. Other leading Foods fluctuated narrowly and closed with little alteration. Elsewhere, Bernard Matthews rose 10 to 485p awaiting today's half-timer, while Glass Glover gained 16 to 253p in a restricted market. USM-quoted E. T. Sutherland hardened 2 to 82p in reply to the increased interim profits and encouraging statement, but Somportex, a strong market of late on asset injection hopes, came back 3 to 84p.

Fisons firm

British Aerospace held centre-stage in the miscellaneous Industrial sector, while the majority of leading issues languished in the absence of buying interest. Fisons, however, attracted buying in front of today's half-timer and rose 7 to 360p, while Boots, a few pence easier initially, picked up to close 3 dearer on balance at 206p. Hanson Trust slipped to 203p prior to closing unchanged at 206p following reports that its attempt to win control of SCM of the U.S. had been impaired by the intervention of the New York court. Bowater, in which Hanson holds an 8 per cent stake, came back 6½ to 327p xd, while Reed International, another rumoured takeover target for Hanson, slipped 4 to 696p. Dalgety firmed 6 to 438p in reply to the good annual results and proposed 100 per cent scrip issue, while Associated British Ports improved 5 to 322p xd following favourable Press comment. Crest Nicholson put on 7 to 109p on takeover hopes, while Bestwood spurted 35 to 420p in a restricted market. Evered were in demand ahead of the results due shortly and gained 8 to 241p and Aberfoyle rose 5 to 43p on cash *injection hopes*. Isotron firmed 5 to 213p in reply to the satisfactory preliminary figures and confident statement, while EIS gained the same *amount to 215p following* increased interim profits. Elsewhere, Bridon attracted buyers at 109p, up 6, but Fobel International shed a penny to 29p *following "take profits"* advice.

Aside from British Aerospace, other leading defence contractors traded in lively fashion following the proposed contract from Saudi Arabia for the purchase of Tornado and Hawk combat aircraft. Prices closed below the best but substantial gains were maintained in *Dowty*, 9 up at 202p, after 207p, and Smiths Industries which touched 217p before settling 8 higher at 213p. Lucas closed a couple of pence dearer at 388p, after 393p.

Advertising agencies and related counters featured another volatile business in Geers Gross which advanced to 90p amid vague takeover hopes, before reverting to unchanged at 82p. Lowe Howard-Spink, scheduled to reveal interim figures tomorrow, improved 10 to 280p, after 283p, but adverse comment *unsettled Good Relations* which slumped 14 to a new 1985 low of 151p. Promotions House, dealt in the Unlisted Securities Market, were marked up 3 to 27p awaiting today's half-timer.

In Properties, Stock Conversion firmed 5 to 560p on the announcement that the company had purchased a portfolio of freehold shop and office investments for around £10m from Legal and General Assurance. Estate agents Mann & Co hardened a couple of pence to 190p following satisfactory annual figures, but Connells remained on offer and shed 3 more to 132p. Press comment helped Country and New Town harden a couple of pence to *104p, while speculative buying* lifted Regentcrest 4 to 32p. City Site Estates were quoted at 115p ex rights up 7; the new nil paid shares opened at 20p premium *and moved up to 33p premium*.

Textiles again lacked followers. The *sharply reduced* interim profits announced on Friday continued to depress British Mohair, finally 8 off for a two-day decline of 31 at 117p. Bulmer and *Lumb*, 78p, and Dawson International, 182p, eased 4 apiece, while Coats Patons, first-half figures expected today, gave up a couple of pence to 154p.

Stockjobbers Akroyd and Smithers, keenly awaiting the culmination of merger talks with Mercury Securities, attracted fresh support and advanced 20 for a two-day advance of 45 at 350p. Elsewhere in otherwise lacklustre Financials, Britannia Arrow hardened a couple of pence to 107p following Press comment; the interim results *are expected tomorrow*.

Lasmo dip and rally

Oil price worries continued to weigh heavily on leading oils other than BP and Shell. Britoil dipped 7 more to 203p with the new 5 off at 122p. *LASMO fell* away to 271p in early trading but rallied strongly amid persistent bid rumours and settled 9¼ to the good at 285p ex-dividend. Speculative support prompted a good rally in Ultramar which, after falling to 198p, picked up to close unalatered on balance at 205p. Tricentrol, however, gave up 8 to 187p and Burmah 4 to 300p. Enterprise dropped to 177p initially, reflecting concern over *oil prices, but rallied after the* interim results and shareholders' approval of the bid for Saxon Oil to close only 3 off at 180p.

Secondary oils weakened in line with the leaders but Invent Energy were a lone firm spot and touched £16 before closing ¼ harder at £15¼ following widespread comment in the weekend Press. Jackson Exploration eased a couple of pence to 28p *folowing the disappointing drilling report*.

Quiet Mines

The absence of many dealers for the Jewish holiday and a sedate performance by bullion made for a quiet day in South African sectors of mining markets.

Golds displayed minor changes in either direction. The Gold Mines index mirrored the overall performance and showed a marginal improvement at 317.4, but bullion closed a net 75 cents down at $320 an ounce.

Among the leading golds, Vaal Reefs attracted support and put on £1¼ to £53¾, while gains of ⅜ were common to Randfontein, *£59*, and Western Deep, £24¼. East Daggafontein were outstanding in the cheaper priced issues and settled 31 higher at 220p. Marievale advanced 11 to 113p.

South African Financials generally made progress where changed. Anglo American Corporation added 20 more at 900p and Genbel jumped 75 to 650p, but the London-domiciled issues were easier ahead of preliminary results from Consolidated Gold *Fields* expected this morning.

Australian mines passed another quiet session. Golds tended to ease with Central Norseman and Gold Mines of Kalgoorlie down 10 apiece at 455p and 575p respectively while *Poseidon* dipped 8 to 205p. Elsewhere, fading bid hopes left North Broken Hill 9 off at 124p.

Traded Option business continued to be featured by Lasmo which attracted 1,627 calls and 511 puts amid persistent chatter of a bid from RTZ. British Aerospace were also active with 1,065 calls done reflecting the strength of the underlying share price folowing news of the Saudi Arabian contract. Bats positions were also lively and recorded 543 calls and 205 puts. Total contracts transacted amounted to 8,052.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (38)

CANADIANS (1)
Hudson's Bay

BANKS (2)
Wagon Finance, Woodchester Invs.

BUILDINGS (1)
Countryside Props.

CHEMICALS (1)
Sale SPD

STORES (1)
Grattan

ELECTRICALS (1)
Whitworth Electric

ENGINEERING (2)
Aurora, Brown & Tawse

FOODS (4)
Dee Corp., Pyke, Matthews (B.), Slaters Food

INDUSTRIALS (11)
Assoc. Heat Serv., Johnson Cleaners, Bestwood, Radiant Metal, Cookson, Sketchley, Crest Nicholson, Tomkins (F. H.), Duport, Watson (R. Kelvin), Heltair

LEISURE (1)
Pleasurama

MOTORS (1)
Supra

PAPER (1)
Trade Promotion

PROPERTY (6)
City Site Estates, Land Investors, London Shop Prop., Regentcrest, 8pc Cnv. Uns. Ln. 1994-99, Stock Conversion, Walker (Alfred)

TEXTILES (1)
Don Bros. Buist

TRUSTS (1)
Drayton Premier

OILS (1)
Invent Energy

MINES (2)
Bond Corp., Pelsart Resources

NEW LOWS (25)

AMERICANS (5)
BASIX, Corporate Data, CSX, Merrill Lynch, Chemical New York

STORES (1)
Greenfield Slacks

ELECTRICALS (3)
Crystalate, Mnemos, Micro Focus

ENGINEERING (1)
Belgrave

INDUSTRIALS (2)
Utd. Guarantee, Oy Wartsila AB

INSURANCE (1)
Dewey Warren

PAPER (1)
Good Relations

PROPERTY (1)
Control Securities

SHIPPING (1)
Mersey Docks Units

TRUSTS (1)
Fledgeling Japan

OILS (5)
Aberdeen Am. Pet., Marinex Petroleum, Gt. Western Res., Pict Petroleum, Jebsens Drilling

PLANTATIONS (2)
Harrisons Malay, Highlands Lowlands

MINES (1)
Tara Exploration

We regret that the London Traded Options table does not appear in this edition because of a computer breakdown.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sept 16 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Sept 13 Index No.	Thurs Sept 12 Index No.	Wed Sept 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	521.64	+0.1	10.98	4.32	11.42	11.81	521.07	525.10	518.93	516.76
2	Building Materials (22)	549.41	−0.3	11.85	4.83	10.49	13.04	551.03	545.81	542.71	468.30
3	Contracting, Construction (29)	823.38	−0.2	12.35	5.85	10.29	20.76	825.18	821.63	823.71	678.32
4	Electricals (14)	1455.46	−0.1	10.62	5.08	12.06	35.52	1457.71	1458.11	1444.87	1536.88
5	Electronics (38)	1316.20	+0.1	11.55	3.43	11.42	30.05	1315.14	1346.71	1321.36	1864.32
6	Mechanical Engineering (62)	302.78	+1.6	10.96	4.69	11.08	7.55	298.14	299.32	297.96	256.43
8	Metals and Metal Forming (7)	204.51	−1.1	12.82	7.78	9.69	5.75	206.79	207.61	207.63	189.12
9	Motors (16)	173.93	−0.2	13.07	4.87	9.30	4.02	174.23	175.36	173.40	129.23
10	Other Industrial Materials (18)	948.61	−0.5	7.87	3.79	15.20	15.81	953.51	962.20	941.58	690.91
21	CONSUMER GROUP (176)	691.41	−0.1	9.14	3.80	13.72	13.25	692.11	691.89	687.62	527.68
22	Brewers and Distillers (23)	710.84	−0.4	9.71	4.07	12.99	13.84	713.48	712.33	715.72	505.03
25	Food Manufacturing (21)	499.80	—	11.91	4.89	10.84	13.61	500.06	505.50	499.77	410.09
26	Food Retailing (14)	1614.36	−0.2	6.04	2.59	22.41	22.67	1616.98	1616.09	1610.67	1257.91
27	Health and Household Products (9)	1074.80	+0.1	6.39	2.77	18.36	11.95	1074.03	1080.45	1080.57	905.77
29	Leisure (22)	676.77	−1.1	8.36	4.89	15.65	22.96	684.46	684.86	683.92	585.71
32	Newspapers, Publishing (12)	1889.90	−0.1	7.66	4.04	16.77	38.80	1891.76	1894.20	1891.54	1310.00
33	Packaging and Paper (14)	362.45	−0.8	9.82	4.14	12.20	7.49	365.28	369.23	368.64	246.29
34	Stores (42)	702.31	+0.6	7.16	3.02	19.10	9.86	698.14	688.97	678.43	445.90
35	Textiles (16)	339.75	−0.7	12.85	4.86	8.82	8.08	342.22	344.46	342.51	276.89
36	Tobaccos (3)	755.14	−0.6	17.85	5.95	6.38	21.66	759.38	761.38	749.06	725.12
41	OTHER GROUPS (101)	691.76	−0.4	9.21	4.12	14.06	15.03	694.70	697.93	692.80	474.46
42	Chemicals (19)	678.29	−0.4	14.48	5.59	9.13	25.17	681.29	689.22	687.27	624.11
44	Office Equipment (4)	196.90	−1.7	8.12	4.47	14.70	5.79	200.29	199.11	199.11	149.26
45	Shipping and Transport (12)	1211.32	−0.7	7.71	4.44	16.07	36.20	1220.37	1215.65	1189.97	880.72
46	Miscellaneous (64)	847.49	−0.1	7.62	3.83	16.12	15.19	848.50	850.60	847.11	662.68
48	Telephone Networks (2)	900.34	−0.5	8.25	3.60	16.15	14.38	904.75	909.16	897.93	0.0
49	INDUSTRIAL GROUP (483)	653.90	−0.1	9.60	4.01	13.17	13.53	654.80	656.73	651.39	521.96
51	Oils (17)	1127.81	−2.8	16.73	7.75	7.35	59.64	1159.95	1161.21	1160.02	1105.16
59	500 SHARE INDEX (500)	693.97	−0.5	10.51	4.49	11.96	17.22	697.32	699.20	694.16	570.84
61	FINANCIAL GROUP (115)	472.08	−0.4	—	5.12	—	13.25	474.21	474.33	472.44	385.78
62	Banks (6)	471.46	−1.1	19.00	6.28	7.52	19.80	476.74	473.66	472.79	373.15
65	Insurance (Life) (9)	730.20	−0.8	—	4.59	—	16.03	736.10	745.39	724.37	515.51
66	Insurance (Composite) (7)	353.43	−0.1	—	5.57	—	8.58	353.73	353.98	352.40	274.49
67	Insurance (Brokers) (7)	1099.39	−0.3	7.59	3.90	17.63	25.71	1102.61	1124.58	1158.26	810.11
68	Merchant Banks (11)	234.85	+0.4	—	4.80	—	5.80	233.83	232.56	233.08	215.24
69	Property (50)	644.95	−0.1	5.79	3.74	23.22	11.44	645.61	643.37	643.70	592.27
70	Other Financial (25)	277.38	+0.1	10.28	5.98	11.97	9.77	277.13	275.19	274.01	252.15
71	Investment Trusts (106)	592.11	−0.3	—	3.55	—	11.58	593.98	594.37	592.96	525.92
81	Mining Finance (3)	259.52	−1.0	12.51	5.90	9.28	5.36	262.10	262.00	260.08	278.81
91	Overseas Traders (14)	594.51	−0.5	12.60	6.70	9.51	23.86	597.35	596.57	595.53	582.63
99	ALL-SHARE INDEX (738)	631.41	−0.5	—	4.58	—	15.86	634.41	635.78	631.69	524.07

	Index No.	Day's Change	Day's High	Day's Low	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Year ago
FT-SE 100 SHARE INDEX	1300.2	−8.6	1308.2	1295.7	1308.8	1313.3	1302.2	1311.4	1329.3	1118.5

FIXED INTEREST

	PRICE INDICES	Mon Sept 16	Day's change %	Fri Sept 13	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.45	+0.05	119.39	—	7.92
2	5-15 years	133.11	+0.46	132.50	—	9.34
3	Over 15 years	137.28	+0.45	136.66	—	9.73
4	Irredeemables	150.27	—	150.27	—	8.90
5	All stocks	130.75	+0.32	130.33	—	8.97
6	Debentures & Loans	112.81	+0.28	112.19	0.49	7.82
7	Preference	80.41	−0.08	80.83	0.36	5.21
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.68	+0.04	111.64	—	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 16	Fri Sept 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.82	10.85	11.26
2		15 years	10.22	10.27	10.66
3		25 years	10.23	10.28	10.16
4	Medium Coupons	5 years	10.84	10.90	11.97
5		15 years	10.57	10.64	11.08
6		25 years	10.23	10.26	10.40
7	High Coupons	5 years	10.93	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]
15	Inflation rate	5%	[illegible]	[illegible]	[illegible]
16		10%	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	37	11.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 18,154

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net div.	Times covered	Gross yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
210	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
185	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	F.P.	—	12½	17	RTD Group IR 1.75p	17½	+½
485	F.P.	20/9	505	445	TACE 10p	450	+5
250	F.P.	23/9	300	285	‡Thermal Scientific	300	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Allied-Lyons	278	− 2
Bowater Inds.	327xd	− 6½
Brit. Aerospace	405xd	+23
Dalgety	438	+ 6
Dowty	202	+ 9
Geers Gross	82	—
Hanson Trust	206	—
Lasmo	285xd	− 8
Plessey	138	− 8
Real Time Control	53	+ 8
Rowntree Mackintosh	368	− 2
Smiths Inds.	213	+ 8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	72	2	33
Corpns. Dom. and Foreign Bonds	5	0	73
Industrials	301	292	891
Financial & Props.	96	106	365
Oils	17	42	66
Plantations	1	2	18
Mines	46	36	98
Others	107	32	97
Totals	645	512	1,628

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
LASMO	31	280	+12
Thorn EMI	25	381	− 6
Somportex	23	87	+15½
Delta Group	22	160	− 4
STC	22	92	− 2
Jaguar	21	290	− 8
Burmah Oil	20	304	—
GEC	20	164	− 8
ICI	20	667	−13
Imperial Group	20	194	+ 8
Raybeck	20	36½	+ 1½
Lucas Inds.	18	386	+ 8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30
Oct 7	Oct 18	Jan 2	Jan 13

For rate indications see end of Unit Trust Service

Call options were taken out in Lyle Shipping, Vosper, Polly Peck, C. H. Bailey, Premier Oil, LRC International, Johnson and Firth Brown, International Petroleum, Eglington Oil and Gas, Raybeck, Associated Dairies, Racal, John Beales, Bula, Dufay Bitumastic, Tern, Weir, Westland, Falcon Resources, Combined Technologies and Ferranti.

WORLD STOCK MARKETS

AUSTRIA

Sept. 16	Price Sch%	+ or —
Creditanstalt	882	......
Goesser	813	......
Interunfall	160.0	—2.5
Laenderbank	863	......
Perimooser	600	......
Steyr-Daimler	171	......
Voitschor Mag	560	......

BELGIUM/LUXEMBOURG

Sept. 15	Price Frs.	+ or —
B.B.L.	2,040	—5
Banq. Gen Lux	7,200	......
Banq. Int. A. Lux	7,000	......
Bekaert B	8,500	......
CimentOBR	2,558	+15
Cockerill	208	—1
Delhaize	8,500	......
EBES	2,820	+15
Electrobel	2,130	+30
Fabrique Nat	1,255	......
GB Inno BM	4,105	—35
GBL (Brux)	1,945	......
Gevaert	4,050	+50
Hoboken	5,760	+160
Intercom	9,270	+10
Kredietbank	9,150	+30
Pan Hldgs.	10,250	......
Petrofina	5,110	+10
Royale Belge	12,925	—25
Soc. Gen. Banq	5,550	......
Soc. Gen. Belge	1,850	+10
Sofina	7,750	+50
Solvay	5,430	+130
Stanwick Intl.	1,500	......
Tractionel	4,045	+65
UCB	5,160	+80
Wagon Lits	5,630	+30

DENMARK

Sept. 16	Price Knr %	+ or —
Andelsbanken	521	+1
BaltJo Skand	530	—5
CopHandelsbank	995	......
D. Sukkerfab	495	—5
Danske Bank	345	+4
De Danske Luft	1,330	......
East Asiatic	245	—2
Forenede Brygg.	1,080	......
Forenede Damp.	213	—1
GNT Hldg	550	—56
I.S.S.B.	570	......
Jyske Bank	705	+15
Novo Ind s	1,565	—10
Privatbanken	300	......
Provinsbanken	400	......
Smidth (F.L) B	982	......
Sophus Berend	1,070	......
Superfos	385	—5

FRANCE

Sept. 16	Price Frs.	+ or —
Emprunt 4½% 1973	1,817	+16
Emprunt 7% 1973	8,358	—55
Accor	268	—9
Air Liquide	575	—7
BIC	510	—9
Bongrain	1,590	—15
Bouygues	741	+1
BSN Gervais	2,220	—6
CIT-Alcatel	1,203	—7
Carrefour	2,290	—55
Club Mediter'n	505	—8
Cie Bancaire	640	+5
Cofimeg	282.1	......
Damart	1,830	—5
Darty	1,438	+18
Dumez S.A	800	+5
Eaux (Cie Gen)	635	+1
Elf-Aquitane	127	—2.2
Essilor	3,255	+35
Gen.Occidentale	788	+7
Imetal	84.2	—1.0
Lafarge Coppee	512	—7
L'Oreal	2,512	—23
Legrand	2,070	—15
Maisons Phenix	156.5	+10.5
Matra S.A.	1,701	—17
Michelin B	1,085	—90
Midi (Cie)	3,075	+5
Moet-Hennessy	1,940	—1
Moulinex	78.3	+1.1
Nord Est.	102	+0.4
Pernod Rice	595	—9
Perrier	462	—12
Petroles Fra.	229.2	+0.1
Peugeot S.A	390	—6
Printempts Au	287.6	+0.5
Radiotech	305	+2
Redoute	1,470	—31
Roussel-Uclaf	1,508	+10
Sefimeg	351	+1
SkisRossignol	1,370	—30
Telemec Elect.	2,530	+5
Thomson CSF	540	+10
Valeo	246	—3.4

GERMANY

Sept. 16	Price Dm.	+ or —
AEG-Telef	144.5	+8.1
Allianz Vers	1,501	+5
BASF	224.4	+0.8
Bayer	222.7	+0.7
Bayer-Hypo	389	+2
Bayer-Verein	522	+2.5
BHF-Bank	525	+5
BMW	800	+7
Brown Boveri	265	+1
Commerzbank	220	+6
Cont'l. Gummi	155	+0.5
Daimler-Benz	288	+4.5
Degussa	358	—5
D'sche Babcock	178.5	+1
Deutsche Bank	621	+4.4
Dresdner Bank	270.5	+5.8
CHH	196	+5
Hochtief	755	—48
Hoechst	212	......
Hoesch Werke	125.2	—0.8
Holzmann (P)	490.5xd	—5
Horten	195	+2
Hussel	567.5	+2.5
Karstadt	268.5	+5
Kaufhof	503	+6.5
KHD	310	+3
Kloeckner	74.5	—0.1
Linde	565.5	+7.5
Lufthansa	228.5	+1
MAN	181	+9
Mannesmann	221	+1.5
Mercedes Hld	895	+15
Metallgesell	295	+5
Muench Rueck	1,950	......
Nixdorf	575	+7
Porsche	1,395	—5
Preussag	268	—1
Rhein West Elect	185.5	—0.5
Rosenthal	287	—1
Schering	515	+5
Siemens	584	+15.1
Thyssen	134.5	+0.6
Varta	249.5	—0.5
Veba	233.7	—1
V.E.W.	148.5	+0.5
Verein-West	343	......
Volkswagen	343	+1

ITALY

Sept. 16	Price Lira	+ or —
Banco Com'le	28,750	—1245
Bastogi-IRBS	345	+2.25
B.I-Invest	5,400	—96
Centrale	3,411	+91
Credito Varesino	4,955	—64
Fiat	4,387	—10
Finsider	—	—
Generali Assicur.	62,750	+1215
Italcementi	43,000	—360
La Rinascente	929	+4
Montedison	2,407	—3
Olivetti	7,795	+430
Pirelli Co	5,750	—102
Pirelli Spa	5,180	......
Saipem	6,130	+50
Snia BPD	5,850	+106
Toro Assic	19,530	+40
do Pref	15,500	+440

NETHERLANDS

Sept. 16	Price Fls	+ or —
ACF Holding	230	—2
AEGON	97	—0.4
Ahold	244	+2
AKZO	124.5	—0.2
ABN	495xr	......
AMEV	804.2	+2.9
AMRO	85	......
Bredero Cert	171	+0.5
Bos Kalis Westm.	14.6	—0.4
Buehrmann-Tet.	105	—0.5
Calland Hldgs.	30.6	—0.4
Dordtsche Pet'm	175	—6
Elsevier-NDU	197.8	+1.7
Fokker	77.4	—0.1
Gist Brocades	217.5	+0.8
Heineken	158.2	+0.3
Hoogovens	51.8	—0.8
Int Mueller	62.5	—0.2
KLM	57.8	—0.5
Naarden	48	......
Nat Ned Cert	75.3	+1.9
Ned Mid Bank	204	+0.5
Nedlloyd	189.5	—1
Oce Grinten	346	+1.5
Ommeren (Van)	27	—0.1
Pakhoed	64.7	+0.7
Philips	49.6	—0.1
Robeco	75.2	—0.5
Rodamco	134.2	+0.4
Rolinco	69.2	—0.5
Rorento	46.5	+0.2
Royal Dutch	190.4	—6.8
Unilever	340.5	—1.5
VMF-Stork	238.5	—2.5
VNU	225	—3.5
Wessanen	185.8	+0.1
West Utr Bank	93	+0.5

NORWAY

Sept. 16	Price Kroner	+ or —
Bergens Bank	152	—1.5
Borregaard	431	......
Christiania Bank	148.5	—2
DenNorske Cred	152.5	......
Elkem	117.5	—0.5
Kosmos	212.5	......
Kvaerner	165.5	+8.5
Norsk Data	394	—2.5
Norsk Hydro	118	......
Storebrand	275	+1

SPAIN

Sept. 16	Price Pts%	+ or —
Bco Bilbao	539	—1
Bco Central	518	......
Bco Exterior	200	—2
Bco Hispano	144	......
Bco Popular	332	......
Bco Santander	350	+1
Bco. Vizcaya	440	......
Dragados	181	......
Hidrola	74.7	—0.5
Iberduero	90.5	+0.3
Petroleos	185	+1.5
Telefonica	115.5	......

SWEDEN

Sept. 15	Price Kronor	+ or —
AGA	131	—3
Alfa-Laval B	205	+5
ASEA (Free)	300	......
Astra (Free)	415	—5
Atlas Copco	120	+1
Cardo (Free)	235	......
Cellulosa	153	+2
Electrolux B	146xc	......
Ericsson B	255	—5
Esselte	371	+1
Mo och Domsjo	174	+1
Pharmacia	178	—5
Saab Scania Free	440	+15
Sandvik	465	+15
Skandia	885	—0.5
Skan Enskilda	54	—0.5
SKF	225	......
St Kopparbergs	170	+2
Sonesson	156	+5
Sven Handlesbn	176	......
Swedish Match	191	......
Volvo B (Free)	257	—4

SWITZERLAND

Sept. 15	Price Frs.	+ or —
Adia Intl	4,100	+25
Alusuisse	755	—5
Bank Leu	3,790	—10
Brown Boveri	1,830	......
Ciba Geigy	5,470	......
do. (Part Certs)	3,570	+20
Credit Suisse	3,040	—15
Elektrowatt	3,425	+5
Fischer(Geo.)	930	—25
Hoff-Roche PtCts	101,750	—750
Hoff-Roche 1/10	10,175	—75
Jacobs Suchard	6,875	—205
Jelmoli	2,840	—10
Landis & Gyr	2,160	—20
Nestle	7,560	—10
Oer-Buehrle	1,710	—10
Pirelli	381	—2
Sandoz (Br)	8,800	......
Sandoz (PtCts)	1,540	—15
Schindler (PtCts)	210	—30
Sika	1,525	—75
Surveillance A	5,550	—50
Swissair	1,440	+5
Swiss Bank	475	......
Swiss Reinsce	12,600	—100
Swiss Volksbk	2,060	+30
Union Bank	4,350	+30
Winterthur	4,590	+50
Zurich Ins	5,660	+150

AUSTRALIA

Sept. 15	Price Aust $	+ or —
ANZ Group	4.82	......
Alliance Oil Dev.	1.06	......
Ampol Pet	2.2	......
Ashton	1.12	—0.03
Aust. Cons. Ind	2.78	—0.02
Aust. Guarantee	2.84	—0.01
Aust. Nat. Inds	2.75	+0.01
APM	2.88	+0.03
Bell Group	2.4	+0.1
Bell Res	8.5	+0.4
Bond Corp Hldgs	1.84	+0.02
Boral	5.8	—0.06
Bougainville	1.85	......
Brambles Inds	4.05	+0.05
Bridge Oil	2.5	......
B.H. Prop	7.16	......
CRA	5.54	—0.04
CSR	5.18	......
CastlemainTys	8.0	......
Coles (G.J.)	4.08	—0.27
Comalco "A"	1.95	—0.02
Consolidated Pet	0.58	+0.01
Costain Aust	2.3	+0.1
Dunlop Olympic	2.55	+0.05
Elders IXL	3.42	+0.02
Energ Res	1.65	......

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm. September 16

MONTREAL

Closing prices September 13

F—No voting rights or restricted voting rights.

Indices

NEW YORK

	Sept. 16	Sept. 13	Sept. 12	Sept. 11	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	963.3	963.3	955.5	955.1	983.8 (13/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	529.1	532.8	527.1	526.1	583.8 (20/5)	352.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	100.23	100.26	105.45	100.27	106.73 (17/9)	85.21 (2/41)
BELGIUM						
Brussels SE (1/1/80)	2432.74	2425.08	2425.37	2423.68	2435.89 (9/8)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	215.76	215.76	216.44	214.89	219.41 (9/9)	168.44 (8/1)
FRANCE						
CAC General (31/12/82)	218.5	215.9	218.5	220.5	233.1 (31/5)	180.8 (3/1)
Ind Tendance (28/12/84)	123.7	124.2	123.2	124.3	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	515.46	514.84	519.36	518.59	519.36 (12/9)	382.36 (3/1)
Commerzbank (1/12/53)	1515.4	1507.0	1526.5	1513.7	1526.5 (12/9)	1111.5 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1590.23	1605.64	1595.42	1571.95	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	392.38	390.26	388.29	388.25	392.38 (16/9)	273.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	(c)	12585.7	12508.8	12825.2	13040.1 (6/7)	11545.2 (5/7)
Tokyo SE New (4/1/68)	(c)	1009.30	1012.42	1015.67	1057.65 (15/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	219.3	220.5	220.8	221.2	223.0 (3/9)	185.6 (3/1)
ANP-CBS Indust (1970)	151.5	192.5	192.5	195.5	194.1 (3/9)	147.3 (3/1)
NORWAY						
Oslo SE (4/1/83)	364.17	384.78	384.18	382.40	364.70 (15/9)	288.16 (2/1)
SINGAPORE						
Straits Times (1966)	754.28	751.81	750.52	751.48	852.85 (7/3)	717.99 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1016.7	1044.4	1057.8	1140.8 (15/4)	829.3 (5/8)
JSE Indust (28/9/78)	—	948.0	945.4	942.2	1038.8 (16/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	106.55	103.51	108.72	108.87	117.41 (4/2)	101.46 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	(u)	1380.62	1387.18	1384.57	1486.98 (11/2)	1286.32 (8/7)
SWITZERLAND						
SwissBankCpn (31/12/58)	494.7	497.2	498.5	498.8	499.3 (11/9)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	213.6	212.8	213.4	224.3 (17/7)	154.8 (4/1)

** Saturday September 14: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

TORONTO	Sept 16	Sept 13	Sept 12	Sept 10	1985 High	1985 Low
Metals & Minls	1,844.4*	1,842.8	1,861.74	2,816.12	2189.7 (12/2)	1886.8 (4/1)
Composite	2,703.5*	2,716.2	2,726.33	2,768.82	2811.8 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	132.03*	132.35	132.82	135.30	138.33 (13/7)	117.80 (4/1)

* Indicates pre-close figure

Advances 596 Declines 781

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Tr. 13¾pc 200-03	£123¾	+ ⅝
Aberfoyle	43	+ 4
Akr. & Smithers	350	+20
Bestwood	420	+35
British Aerospace	405xd	+33
Brown & Tawse	170	+ 9
Crest Nicholson	109	+ 7
Dalgety	438	+ 6
Dowty	202	+ 9
Fisons	360	+ 7
Grattan	318	+ 8
LASMO	285xd	+9½
Matthews (B)	485	+10
Prom. House	27	+ 3
R. T. Control	53	+ 8
Regentcrest	32	+ 4
Smiths Ind	213	+ 8
Top Value Ind	70	+14

FALLS

Barclays	378	− 7
British Mohair	117	− 8
BP	532	−11
Britoil	203	− 7
Good Relations	151	−14
Plessey	138	− 6
Simon Eng	212	−14
Wolsten. Rink	263	−22

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
Numrax	29	5⅝	5½	5½	− ⅛
QMS	150	15	9¾	9⅞	− ⅛
Quadrx	76	8⅛	6¾	8⅜	
QuakCs	.38 1	11	11	11	+ ½
Quantm	76	22¾	22½	22½	− ¼
QuestM	93	4¾	4⅝	4⅝	+ ⅛
Quixote	60	12¾	12½	12¾	
Quotrn	631	10½	10⅜	10⅜	− ⅛
RAX .01e	196	8½	8	8¼	− ¼
RPMs .56	93	16¼	15¾	16	− ¼
RadSys	38	11⅞	11¾	11⅞	

Prices at 3pm, September 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¼	23½	OrionCpf1.12		8.8		4	24	24	24	−⅛
12¾	8⅛	OrionP			91	148	10½	10⅜	10⅜	−⅛
9⅜	6½	Orion pf .60		6.9		2	8½	8½	8½	
33⅜	24	Orion pf2.75		9.3		3	29½	29½	29½	+⅛
31⅛	18⅝	OutbdM.64		2.8	6	19	22⅝	22¼	22⅝	+½
36⅜	23⅛	OvrnTr .72		2.2	16	44	33⅛	32⅝	33⅛	+⅝
10	13	OvShip .60		3.6	11	78	14¼	14	14	−⅛
37	28⅞	OwenC 1.46		4.1	0	228	34⅛	33⅝	33⅞	
51⅜	38⅜	OwenIll.60		3.0	10	139	46⅝	46⅛	46½	+⅛
15¼	10½	Oxford .44		3.8	18	46	11¾	11⅝	11⅝	−⅛
		P Q								
37⅛	22½	PHH	1	3.0	13	42	33⅝	33¼	33⅝	+¼
47¼	31⅛	PPG	1.60	3.6	10	230	44¼	43¼	44	+⅜
31½	15½	PSA	.60	2.6	17	410	23	22½	23	+⅝
23⅛	13½	PSA dpf1.90		10.		3	18⅞	18¾	18⅞	+¼
14⅜	11½	PacAS 1.54		11.		84	14	13¾	13⅞	−⅛
20¼	13¾	PacGE 1.84		10.	7	2735	18	17⅞	18	+⅛
46¾	33½	PacLtg 3.32		7.7	14.	437	43¼	42¾	42⅞	−¼
29½	24½	PcLum 1.20		4.1	18	88	29¼	28¼	29	+½
10	5⅞	PacRes05e		.3	12	24	8⅝	8½	8½	
19⅜	16½	PacRs pf 2		11.		3	17¾	17½	17½	−¼
17½	12⅞	PacSci .40		2.8	11	x38	14⅛	14	14⅛	+⅛
82¾	61⅛	PacTel6.72		9.0	6	967	71½	70⅞	71⅛	+⅛
16	8¼	PacTin .40		3.2	7	0	12⅝	12⅝	12⅝	
31⅜	23⅛	Pacifcp2.33		3.4	7	259	27¾	27⅝	27½	−¼
36	30	Pacif pf4.07		12.		2	33¼	33¼	33¼	+¼
43⅛	26½	PainWb.80		2.0	16	146	29½	29¼	29⅜	+¼
34⅛	26½	PainW pf2.25		8.3		28	27¼	27	27	
40½	20¼	PanABk70		2.6	11	16	36	35¾	35¾	−½
8¾	4	PanAm				1296	7⅞	7⅝	7⅝	−⅛
4	1¾	PanA wt				23	3⅛	3	3	
01	13½	Pandckn.20		1.3	21	67	15¼	14⅞	15¼	+⅜
41⅛	33⅛	PanhEC2.30		6.8	11	199	34	33¾	34	+¼
6	3½	PantPr			26	459	6⅝	6⅜	6⅜	−⅛
19⅝	13⅜	Paprcft.40j			14	38	16¼	16¼	16¼	
16⅛	8¼	Pardyn				46	9⅜	9¼	9⅜	+⅛
8⅞	4⅝	ParkDrl16		3.5		119	4⅞	4⅝	4⅞	+⅛
31⅝	28¼	ParkH 1.12		3.5	18	60	31⅞	31⅜	31⅜	−⅜
21⅝	14⅝	ParkPn.52t		2.6	48	60	20	19¼	19⅝	+½
2½	1⅛	PatPtrl			2	78	2¼	2⅛	2⅛	
18¼	11⅛	PayNP .34		5.2	13	167	12⅝	12¼	12⅝	−⅛
28⅜	14	PayCsh .16		1.1	14	212	14⅞	14⅝	14⅞	+¼
11½	6¼	Peabdy .20		2.8	26	23	10⅛	10	10⅛	−⅛
1¾	5-16	Pengo				35	⅝	9-16	⅝	+1-16
58⅝	43¾	PenCen			12	43	49⅞	49⅝	49¾	−¼
55⅛	44⅝	Penney2.36		4.9	9	685	48⅝	48⅜	48⅝	−¼
27⅞	23½	PaPL 2.56		11.	6	717	24¼	23¾	24⅛	+¼
48¾	30½	PaPL pf4.40		12.		z30	37½	37½	37½	−½
40⅛	31	PaPL pf4.30		12.		z100	37	37	37	
78¼	60	PaPL pf8.60		12.		z150	70	69	70	+1
29½	24¼	PaPL dpr3.42		12.		11	28⅝	28⅝	28⅝	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11¼	7⅛	ReadBt .40		9.2		332	7	d	6½	−⅝
21⅛	16⅜	RdBat pf2.13		13.		3	16⅝	16½	16½	
19¾	11	RltRef 1.33e		13.	16	2	12⅞	12⅞	12⅞	−⅛
17½	8⅝	RecnEq			18	68	9¾	9⅝	9⅝	−⅛
12⅝	7⅜	Redmn .30		4.1	14	113	7½	d	7¼	7⅜
12⅞	8¼	Reece			26	16	9¼	9¼	9¼	+⅛
1⅝	½	Repal				1	½	½	½	−1-16
43⅛	27⅝	ReichC .80		2.1	13	81	38½	38⅜	38⅜	+⅛
19⅞	4½	RepAir			6	481	9	8¾	8⅞	+⅛
3	1¼	RepA wt				160	2⅛	1⅞	1⅞	−⅛
12¾	5⅝	RpGyps.30		3.9	6	87	7¾	7½	7¾	+⅛
49¾	35	RepNY 1.64		3.5	9	46	47½	47¼	47¼	
22½	17¾	RNY pf 2.12		9.8		2	21¾	21¾	21¾	−¼

12 Month High	Low	Stock	Div.	Yld.	P/E
34⅛	24¾	RepBk 1.64		5.5	6
30	23⅝	RepBk pf2.12		7.6	
24⅞	15½	RshCot .32		1.4	
61½	22½	Revco .80		3.1	24
16¼	6⅞	Revere			2
47¼	32⅛	Revlon 1.84		4.4	13
41⅛	40¼	Revln wd			
94½	93½	Revln pfA			
24⅝	17¾	Rexhm .76		3.1	14
16⅞	11¾	Rexnrd .44		3.2	9
32½	25½	Reynlns1.40		5.4	6
50	47¼	Reyln pf4.10		8.5	
112¼	105⅛	Reyln pf			
127	123¾	Reyl pfC			
41¼	27⅞	ReyMtl	1	3.1	8
28⅜	24½	ReyM pf2.30		9.3	
49½	26⅜	RchVckl.46		2.9	17
20	17¼	RiegelT90j		3.9	
33½	21⅞	RiteAid .50		2.3	14
7⅞	2½	RvrOk n			17
36⅜	26⅛	Robshw.12		3.4	8
44	28	Robtsn 1.80		5.9	
24⅝	5½	vjRobins			
24⅞	16⅛	RochG 2.20		10.	8
42⅛	31	RochTl2.44		6.7	0
20⅝	19½	RckCtr n			
41¾	27⅝	Rockwl1.12		2.9	18
73	55¾	RohmH2.20		3.5	10
86	46	Rohrln			11
27¼	13⅛	RolnCm.40		1.6	30
36⅝	18¾	RolnEs.10		.5	21
18¼	5¾	RolnE wi			
12⅝	8¾	Rollins .46		4.0	17
3⅞	2	Ronson			
10	11	Roper .84		5.5	
40¼	24	Rorer 1.10		2.9	19
12½	7⅜	Rowan .12		1.5	46
62⅞	48	RoylD 3.29e		5.5	6
17	16¼	Roylnt s			17
28⅛	18⅝	Rubmds			
26	14¾	RussBr			12
20¾	16⅜	RusTog .76		3.6	10
31¼	19	RyanH 1		4.2	0
30⅞	22	Ryder s .60		2.1	11
29	17	Ryland .66		2.8	14
20⅛	8½	Rymer			4
13⅝	11½	Rymer pf1.17		9.9	
		S S			
73½	37½	SCM	2	2.8	17
12½	8⅝	SL Ind	.22	1.9	10
32¾	19½	SPSTec .80		2.7	14
19	18	Sabine .04		.3	36
21⅞	18	SabnRy2.50e		14.	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, September 16

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
PetLw			73	3⅛	3	5	−⅛
Pitway1.60		11	2	70¼	70¼	70¼	−¼
PopeEv		9	30	3⅞	3⅞	3⅞	
R R							
Ragan	.12	46	2	17	17	17	+⅛
Ransbg	.72	39	20	16	15¾	15¾	−⅛
Resrt A		28	43	38¼	37⅞	37⅞	−⅜
RestAsc		13	5	5	5	5	
Rckwys		24	34	17½	16⅞	16⅞	−⅜
Rogers	.12	11	17	10	15¾	16	+⅛
RBW		7	32	7⅛	7	7⅛	+⅛
Rykoff	.80	13	192	22⅝	22⅛	22⅛	−¼

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
CtyGas 1.20		9	2	31⅛	31⅛	31⅛	−⅛
Clarost .85e		0	0	39	39	39	−¼
CropCo			59	8⅞	8¾	8⅞	−⅛
Crchm	.40	12	1	16⅛	16⅛	16⅛	+⅛
CanedF		14	5	7⅝	7⅝	7⅝	
CnStore		28	18	19⅞	19½	19¾	
vjContA		4	16	13¾	13⅝	13⅝	−⅛
Cross 1.44		15	45	33⅛	32⅞	32⅞	−⅛
CwCPpf1.92			2	22⅝	22⅝	22⅝	
CrutcR		1	16	¾	11-16	¾	
CrystO			228	1¾	1⅝	1⅝	−⅛

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
H H							
Hamtrde	.50	16	88	25¼	24¼	25⅛	+1⅛
Hasbro	.15	16	284	28⅞	29½	29⅝	−⅝
HlthCh		18	60	6¾	6⅝	6¾	
Heinick	.16	6	14	12⅞	12⅞	12⅞	−⅛
HershO		32	6	3⅞	3⅞	3⅞	−⅛
HollyCp	.24	13	8	18	18	18	+⅛
HmeGn			383	16⅛	15⅞	15⅞	−⅜
Hormls		11	5	16⅞	16¾	16⅞	+⅛
HrnHar		23	45	6	7⅞	7⅞	

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
NCdO gs			4	10⅝	10⅝	10⅝	
NuclDt		7	5	5⅞	5¾	5¾	−⅛
Numac			8	8¾	8¾	8⅝	
O P Q							
OEA		10	1	16⅞	16⅞	16⅞	
Oakwd	.08b	11	64	17¾	17¾	17¾	
OzarkH	.20	11	45	11⅛	11	11⅛	−⅛
PallCp	.48	20	75	36¾	36⅜	36½	+⅛
PE Cp	.25r		6	⅝	⅝	⅝	

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
WrnCwt			78	⅞	¾	⅞	+⅛
WshPst	.96	15	71	116½	115½	115½	−1½
Wthfrd			30	3⅜	3¼	3¼	−⅛
Webtrg	.20	16	88	s11¾	11⅜	11⅝	+⅛
WDigitl			152	9⅝	6½	9⅝	+⅛
Wichita			18	2⅜	2¼	2⅜	
Wickes		5	781	4⅜	4¼	4⅜	+⅜
Wdstrm	.46	10	2	6⅛	6⅛	6⅛	+⅛
WwdeE		73	68	3¾	3⅝	3⅝	
X Y Z							
Zimer	.05j		41	4⅛	3¾	5⅞	

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
ADC 71	16	18½	16	18	−¼
AEL	4	13½	15	15	−⅝
AFG	49	18¼	18	18⅛	+⅛
ASK	591	10½	10¼	10½	
AamRt	791	21	20¾	21	+¼
Acadin .20	601	4	3½	3½	−½
Acelrtn	22	8¼	8	8	−½
AcuRay .24	38	23	22¾	22¾	−¼
AdacLb	146	7⅞	7¾	7⅞	
Adage	21	8⅞	8⅝	8⅝	−⅛
AdvCir	170	10⅛	9⅝	9½	−½
Aequtrn	107	3⅝	3⅛	3⅝	−¼

Stock	Sales (Hnds)	High	Low	Last	Chng
ChrmSs .20	x272	21⅛	21	21⅛	
ChkPnt	139	15½	18¾	18½	
ChkTch	1	6¼	6¼	8½	−⅛
ChLwn .88	214	10	18¼	19	+¼
Chemex	56	8½	8¼	8¼	−¼
ChryE .12	241	10¼	8¾	10⅛	−½
ChiChi	89	18¾	16¼	10⅝	
ChiPacs	169	27½	28½	27½	+¼
ChrDwt .40	166	18¾	18⅛	18⅛	−⅜
Chyron .10b	508	8½	8	8⅛	−⅜
Cintas .12a	38	39¼	38½	39	−⅛
Cipher	36	15½	15¼	15½	

Stock	Sales (Hnds)	High	Low	Last	Chng
Equat	305	11⅜	11	11	−¼
EqtOil .20	51	8¾	9⅝	9⅝	
EricTl .85e	284	27¼	27	27¼	−⅛
EvnSut	91	17⅝	17⅜	17⅝	+¼
Exovir	2	8¾	8¾	8¾	
F F					
FMI	372	9⅝	8¾	9½	
FamRest	38	2 1-16	2	2 1-16	−1-16
FarmF	595	11⅛	16¼	16¾	−⅜
FrmG 1.76	192	61¼	60¼	60⅝	−1⅛
FedGps	25	16⅛	16½	16½	−¼
Ferofu	239	5	4¾	4¾	

Stock	Sales (Hnds)	High	Low	Last	Chng
Josphsn	170	8½	6¼	8½	+⅛
Junos	56	18⅞	18¾	18¾	−⅛
Justin .40	37	16¾	16½	16½	−¼
K K					
KLAs	381	18¾	18	18¼	−¼
KV Phr	4	0⅛	8⅛	8⅛	
Kaman .56	37	30½	30¼	30¼	
Karchr	111	15⅞	15¾	15¾	−¼
Kasler .25j	44	10¾	10½	10¾	
Kaydon	78	8	8	8	
Kemp 1.60	12	55	55	55	
KyCnLf 1	33	38⅝	38⅛	38⅛	+⅛

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Institutions shelter on sidelines

THE LEADING investment institutions remained on the sidelines yesterday in Wall Street, leaving the market under the residual influences of last week's uninspiring economic indicators, *writes Terry Byland in New York.*

Blue chips encountered support mid-... as traders moved in to pick up stoc... meet Friday's selling commit-... t the broad range of stocks re-... ak.

...se the Dow Jones industrial ... up 1.46 at 1,309.14.

...as again focused on the ... economic data. The mar-... eed of yesterday's data ... itories or industry op-... week's burdle will be ... ment by the Com-... of its "flasb" esti-... hird-quarter gross

...ift in the bond ... federal funds ... per cent, the ... ned in what was ... ly technical manoeu-... 3.5bn customer repurchases.

In the stock market, little confidence was placed in the rally in blue chips. "The bears are starting to stir," said Mr Frank Cortez of First Michigan.

Reduced turnover contrasted sharply with last week, when trading expanded as the institutions turned sellers. Weakness in the second-line stocks brought an early fall of more than 1 point in the American Stock Exchange index.

Defence Aerospace stocks tumbled on Saudi Arabis's decision to spend £1bn ($1.3bn) on buying military aircraft from Britain. McDonnell Douglas, recently banned by Congress from selling F15 figbters to the Saudis, fell $1¼ to $72¼, and General Dynamics lost $2¼ to $71⅛.

Airline stocks made limited response to Sheikh Yamani's suggestions that Saudi Arabia might cut oil prices again soon, and falls in U.S. oil producers were small.

There were further falls in banking stocks, with both regionals and money-centre issues reacting to renewed nervousoess over the industry's problems with international and domestic loans. BankAmerica, although expecting a $580m benefit from selling its San Francisco beadquarters, eased $⅛ to $13⅞.

Firmness in IBM, $⅝ up at $128⅛, and in General Motors, $⅜ up at $68⅞ belped the Dow industrial average. Other motor stocks edged higher, responding to the strength of U.S. car sales in the early September period – wben business was again boosted by the generous financing terms offered by the main manufacturers.

But technology stocks showed minor mixed price changes. Among the personal computer makers, Commodore edged up $⅛ to $24½ but Apple eased $¼ to $15¼.

High on the active stocks list was Richardson Vicks, up $2¼ at $51, as Unilever, througb its U.S. subsidiary, commenced its tender offer. Unilever is offering $56 casb, but only if the Richardson board reverses its stance and approves the bid from the Anglo-Dutcb detergents group – otherwise, Unilever will pay only $48 a share.

Substantial stakes in Richardson were bought last week at around $47 a share, either by the company itself or, more likely, by Wall Street's arbitrageurs.

Stock in SCM eased $¼ to $72⅞ in subdued trading, as Hanson Trust of the UK appealed against a New York court ruling that banned it from acquire more SCM stock, or voting its 25 per cent stake.

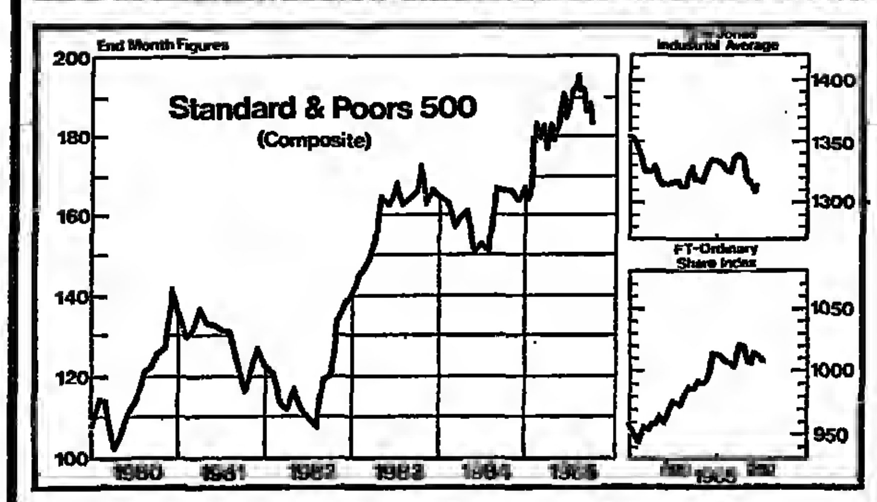
Other features included Cessna, unchanged at $29½, but active, as General Dynamics commenced its tender offer. PPG Industries edged up $⅜ to $43⅞ after the board purchased 10.8m shares for $49.25 from outside the market.

A 1.2m share block of Polaroid changed bands at $31, leaving the stock $⅛ firmer at $31⅛ in the market, following an initial success in its patent battle with Kodak – which eased $½ to $42⅜.

In pharmaceuticals, reports that federal authorities had doubts over pain-killing products containing acetaminophen brought a fall of $1½ to $43½ in Johnson & Johnson.

In the credit markets, trading was subdued behind a federal funds rate still at 8 per cent despite the Fed's intervention. Softness in the U.S. dollar sustained the view that the economy is slowing down.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 16	Previous	Year ago
DJ Industrials	1,308.47*	1,307.68	1,227.52
DJ Transport	658.82*	658.47	525.45
DJ Utilities	153.06*	152.6	131.0
S&P Composite	182.56*	182.91	168.78
LONDON			
FT Ord	1,007.7	1,011.9	859.0
FT-SE 100	1,300.2	1,308.8	1,109.6
FT-A All-share	631.41	634.41	524.07
FT-A 500	693.97	697.32	570.84
FT Gold mines	317.4	317.3	509.7
FT-A Long gilt	10.41	10.43	10.42
TOKYO			
Nikkei-Dow	closed	12,585.7	10,621.5
Tokyo SE	closed	1,009.30	820.53
AUSTRALIA			
All Ord.	963.3	963.3	726.1
Metals & Mins.	529.1	532.4	435.8
AUSTRIA			
Credit Aktien	100.25	100.25	54.25
BELGIUM			
Belgian SE	2,432.74	2,425.08	–
CANADA			
Toronto			
Metals & Minls	1,944.4*	1,942.8	2,026.0
Composite	2,703.5*	2,710.2	2,397.1
Montreal			
Portfolio	132.03*	132.35	118.78
DENMARK			
SE	216.76	216.76	176.46
FRANCE			
CAC Gen	218.8	218.9	175.3
Ind. Tendance	123.7	124.2	114.1
WEST GERMANY			
FAZ-Aktien	515.46	514.34	355.24
Commerzbank	1,513.4	1,507.6	1,031.1
HONG KONG			
Hang Seng	1,600.23	1,605.84	945.44
ITALY			
Banca Comm.	392.39	390.26	210.45
NETHERLANDS			
ANP-CBS Gen	219.3	220.3	170.8
ANP-CBS Ind	191.8	192.3	134.5
NORWAY			
Oslo SE	364.17	364.70	263.21
SINGAPORE			
Straits Times	754.28	751.61	900.21
SOUTH AFRICA	Sept 18	Prev	Yr Ago
JSE Golds	–	1,018.7	904.1
JSE Industrials	–	948.0	805.9
SPAIN			
Madrid SE	109.68	109.51	145.09
SWEDEN			
J & P	1,376.64	1,396.62	1,478.14
SWITZERLAND			
Swiss Bank Ind	494.7	497.2	378.0
WORLD	Sept 13	Prev	Year ago
Capital Int'l	213.0	212.8	183.6

GOLD (per ounce)

	Sept 16	Prev
London	$320.00	$320.75
Zürich	$319.55	$321.25
Paris (fixing)	$318.90	$321.96
Luxembourg	$319.00	$321.90
New York (Dec)	$324.50	$324.00

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 18	Previous	Sept 16	Previous
$	–	–	1.343	1.341
DM	2.884	2.899	3.8725	3.8875
Yen	241.35	241.95	324.0	324.5
FFr	8.7875	8.845	11.8	11.86
SwFr	2.382	2.39	3.2	3.205
Guilder	3.254	3.27	4.37	4.385
Lira	1,942.0	1,945.0	2,608.0	2,608.0
BFr	58.15	58.8	78.1	78.85
C$	1.37475	1.37175	1.8448	1.8352.5

INTEREST RATES

	Sept 16	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11½
SwFr	4⅞	4¹¹⁄₁₆
DM	4⁹⁄₁₆	4⅝
FFr	10⅛	10⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⁷⁄₁₆	8½
6-month U.S.$	8⁹⁄₁₆	8¾
U.S. Fed Funds	8*	7¹⁵⁄₁₆
U.S. 3-month CDs	7.90*	8.35
U.S. 3-month T-bills	7.18*	7.45

U.S BONDS

Treasury		Sept 16* Price	Yield	Prev Price	Yield
8⅞	1987	99²⁷⁄₃₂	8.956	99²⁴⁄₃₂	8.01
10⅛	1992	100²⁄₃₂	10.199	100¹⁴⁄₃₂	10.27
10½	1995	100²⁹⁄₃₂	10.348	100¹⁹⁄₃₂	10.40
10⅝	2015	100¹³⁄₃₂	10.574	100 ⁹⁄₃₂	10.602

Corporate	Sep 18* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	99½	10.50	99½	10.50
3⅞ July 1990	81½	8.65	81½	8.65
8¾ May 2000	82½	11.20	82½	11.20
Xerox				
10⅞ Mar 1993	98¼	10.95	98¼	10.95
Diamond Shamrock				
10⅜ May 1993	98½	11.00	98½	11.00
Federated Dept Stores				
10⅞ May 2013	97	11.60	97	11.60
Abbot Lab				
11.80 Feb 2013	100⅜	11.75	100⅜	11.75
Alcoa				
12¼ Dec 2012	98¾	12.40	98¾	12.40

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	76–25	76–29	76–18	76–13
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.93	92.96	92.21	92.93
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.08	92.08	92.05	92.08
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.48	81.49	91.42	81.35
20-year Notional Gilt £50,000 32nds of 100%				
Dec	111–19	111–12	111–09	111–15

COMMODITIES

(London)	Sept 16	Prev
Silver (spot fixing)	450.85p	453.55p
Copper (cash)	£1,023.00	£1,023.50
Coffee (Sept)	£1,627.50	£1,618.00
Oil (spot Arabian Light)	$27.45	$27.45

LONDON

Aerospace deal signals take-off

AEROSPACE and kindred stocks were a feature of dull trading among equities in London yesterday.

The weekend news of a UK contract to supply military aircraft to Saudi Arabia gave the impetus for the support of aerospace issues. British Aerospace was sought from the opening of business and closed 33p higher at a day's best of 405p ex-dividend.

The oil sector was again depressed by concern about Saudi Arabia's plans to sell cut-price oil. Leading oil stocks were marked down steeply from the start of business and BP ended 11p down at 532p and Shell was 15½p lower at 675p ex.

The Government's surprise announcement of a $2m floating-rate issue in the Euromarket prompted little business. Longer-dated stocks were marked up around ⅛, but later drifted lower. Short-dated stocks remained at pre-weekend levels.

After-hours business was transformed as the Government broker established conversion 93/4 per cent 2001 as a tap and was on and off at 951/8. Long-dated gilts closed with gains ranging to ⅝.

Chief price changes, Page 43, Details, Page 42, Share information service, Pages 40–41

AUSTRALIA

A STEADY tone developed around record levels in Sydney, with industrial issues marginally stronger than the mining sector for most of the session.

Early selling set the scene for a general decline. However, a resumption of last week's buying pushed prices forward and left them generally on par with their previous closing points.

The All-ordinaries index firmed to close 0.1 off Friday's record level at 963.3, while the All-industrials index added 2.4 to 1,413.9.

Media stocks stood out in the industrial sector. Herald and Weekly Times continued to enjoy last week's support and added 10 cents to A$5, while News Corp added 20 cents to A$7.10, AWA 18 cents to A$5.30 and Bell Group 10 cents to A$9.40.

Among leading mining issues, CRA firmed 4 cents to A$5.54, Peko 8 cents to A$4.80, MIM 3 cents to A$2.65 and WMC 2 cents to A$3.88. BHP ended unchanged at A$7.18.

SINGAPORE

SPECULATIVE stocks boosted the tempo of trading in Singapore, although a broad range of leading issues also firmed marginally.

The Straits Times Industrial index added 2.87 to 754.28, with turnover well down on Friday's level.

Sealion was again highly active as 1.1m shares moved through the market as it slipped 4 cents to S$1.81, while Pahang Investment added 2 cents to 53 cents on a turnover of 920,000 sbares.

Elsewhere, G1 Holding added 9 cents to S$2.64, Haw Par 11 cents to S$2.18, Metro 9 cents to S$2.53, DBS 2 cents to S$4.98, and MBF 8 cents to S$3.04.

Property stocks were higher, while botels were mixed and commodity issues easier with price changes restricted to narrow margins.

HONG KONG

WITH OVERSEAS institutional investors sgain absent, shares drifted slightly lower during dull trading in Hong Kong.

Among leading issues, Cheung Kong dropped 10 cents to HK$18.40, Hongkong Light 30 cents to HK$15.30, Hongkong Shanghai Bank 10 cents to HK$7.25 and Hongkong Land 5 cents to HK$6.25.

Local investors concentrated their efforts on situation stocks and selected second and third-line issues were actively traded, although price varistions were small.

EUROPE

Poll result weakens Stockholm

WEAKNESS developed during trading in **Stockholm** in response to the re-election of Prime Minister Olof Palme's Social Democratic Government. The Stockholm stock exchange index fell to 1,376.64.

Domestic and international investors withheld support, leaving the way clear for the light selling pressure that arose to pusb prices lower.

Unrestricted shares, which foreign investors are allowed to hold, incurred tha largest falls.

The market had anticipated the election's outcome during the two-week run to tha poll, explaining in part the relatively mild reaction to the re-election of a leadership committed to increased government participation in the private sector.

Local investors continue to be concerned over the direction of Swedish interest rates and some predicted an improvement in the market later in the year if the new Government succeeds in implementing budget-cutting measures.

In the engineering sector, Asea was SKr 10 lower at SKr 300, and Alfa Laval fell SKr 5 to SKr 200, while among pharmaceutical stocks, Astra dropped SKr 10 to SKr 405.

Volvo shed SKr 8 to SKr 231, Ericsson, the telecommunications group, lost SKr 4 to SKr 231 and appliance maker Electrolux ended SKr 3 easier at SKr 143.

Demand from overseas and domestic investors helped **Frankfurt** to shrug off a directionless trend early in the session.

Buy orders flooded in after the first half-hour of trading to push the Commerzbank index up 5.8 to 1,513.4.

Electrical and motor stocks proved again to be the market leaders, while banks, machinery and stores issues also made substantial gains.

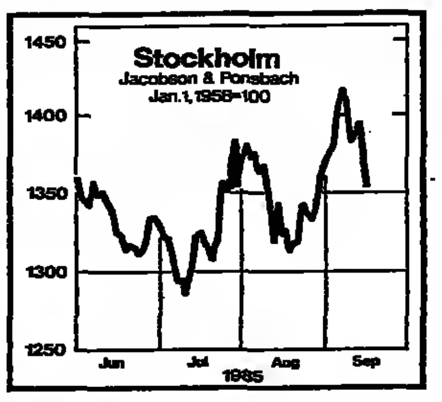
The Tokyo stock exchange was closed for a national holiday.

After a large buy order, Commerzbank ended DM 8 higher at DM 220. Deutsche Bank added DM 4.40 to DM 591 and Dresdner DM 3.30 to DM 270.50.

In the motor sector, BMW advanced strongly to finish DM 7 ahead at DM 500. Daimler, at DM 988, was up DM 4.50 but remained just below its record high touched last week VW ended DM 1 higher at DM 343.

Siemens and Nixdorf led the electrical sector. Nixdorf rose DM 7 to DM 576, which was just off its high for the day and Siemens added DM 10.10 to DM 584.

The machinery sector benefited from an economic forecast by a large West German bank predicting a continued rise in demand for capital goods. GHH gained DM 5 to DM 196 while KHD put on DM 3 to DM 310.



Karstadt, the stores group, moved DM 8 higher to DM 268.50 Horton added DM 2 to DM 195 while utility group Veba slipped DM 1 to DM 233.70.

After a day of moderately active trading, bonds ended slightly higher as domestic buyers took prices for some paper up by 15pfg.

The Bundesbank continued to sell paper, adding a moderate DM 27.8m worth to the market after selling DM 28.8m on Friday.

Brussels posted broad gains, buoyed by optimism among investors over political trends in the country. An opinion poll published on Friday, one month before the general elections on October 13, showed a gain in popularity for the Government's four centre-right coalition parties, despite the crisis in July that resulted in elections being brought forward from December.

Politically sensitive utility stocks firmed. Intercom rose BFr 10 to BFr 2,270 and Ebes gained BFr 15 to BFr 2,990.

Early profit-taking in **Zurich** after last week's gains left prices mixed in quieter trading. While the consolidation phase kept most sectors fairly inactive, light buying in the banking sector left investors believing that banks might be poised for a rebound.

Swiss Volksbank led the sector, rising SwFr 30 to SwFr 2,060, Union Bank added a similar amount to SwFr 4,350, and Swiss Bank ended unchanged at SwFr 475.

Elsewhere, Nestlé shed SwFr 10 to SwFr 7,580, Swissair added SwFr 5 to SwFr 1,440 and Ciba Geigy was steady at SwFr 3,470.

Paris moved lower as fears of a drain in liquidity continued to dog the market. Investors are worried that funds will be squeezed after the announcement that the Government plans to tap the bond market for FFr 15bn this week.

Food shares were among the weakest performers as the fall in the dollar set off concern over weakening export orders. Promodes ended 7 per cent lower at FFr 1,075 and Saupiquet lost 6 per cent to FFr 505.

Avions Dassault, the aircraft manufacturer, fell FFr 81 to FFr 1,020 on news that Saudi Arabia had selected the Anglo-German-Italian Tornado jet over its Mirage 2000.

Amsterdam ended mixed to lower on the eve of the Netherlands budget day.

Although the budget is not expected to contain any surprises or shifts of government policy, investors appeared to be reluctant to enter into any transactions.

International companies with large dollar revenue bases were hit by the softer U.S dollar and the market leaders declined. Unilever shed Fl 1.50 to Fl 340.50 while Royal Dutch lost Fl 6.80 to Fl 190.40 ex-dividend.

After a month of sharp gains, some selling pressure in **Milan** left prices mixed.

Madrid rose in light trading with the foods sector leading the advance. Communications and banking issues shaded lower, however.

SOUTH AFRICA

LISTLESS trading left leading gold shares narrowly mixed in Johannesburg, reflecting a lack of interest in the absence of fresh incentives.

Randfontein eased R2 to R210, while among other leading issues Vaal firmed R3 to R189. In second-line stocks, Welkom lost 50 cents to R16 and Kloof 40 cents to R20.40.

CANADA

A BROAD DECLINE emerged in Toronto with price movements narrow and turnover generally light.

Among actives, Power Corp traded C$⅛ lower at C$18⅞ after Tele-Metropole said its principal shareholders will sell their controlling stake to the company.

Montreal also eased, although price movements were smaller.